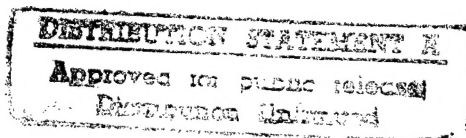


033068

JPRS-WER-86-105

22 OCTOBER 1986

West Europe Report



19980209 152

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED



FOREIGN BROADCAST INFORMATION SERVICE

REPRODUCED BY
U.S. DEPARTMENT OF COMMERCE
NATIONAL TECHNICAL
INFORMATION SERVICE
SPRINGFIELD, VA. 22161

6
127
A09

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

22 OCTOBER 1986

WEST EUROPE REPORT

CONTENTS

POLITICAL

BELGIUM

| | |
|---|---|
| Ecological Party Spokesman on Employment, Regional Issues (LA LIBRE BELGIQUE, 21 Aug 86) | 1 |
|---|---|

DENMARK

| | |
|---|----|
| Social Democrat on Europe's Role Between Superpowers (Birte Weiss; WEEKENDAVISEN, 29 Aug-4 Sep 86) | 7 |
| SDP Leadership Divided on Possible Coalition With Left (Editorial; INFORMATION, 5 Aug 86) | 13 |

FINLAND

| | |
|---|----|
| Vayrynen Makes USSR Trade Into Political Issue (Various sources, various dates) | 16 |
| Sorsa Confident of Stability, Kalevi Sorsa Interview | 16 |
| Paper Views Vayrynen's Charges, Editorial | 20 |
| SDP Leadership Replies | 21 |
| Other Newspapers Comment, Editorial | 23 |
| Country Preparing To Act With Nordics on South Africa Trade (HELSINGIN SANOMAT, 5 Aug 86) | 25 |
| SKDL Chairman Helle Comments on Prospects for Entering Cabinet (KANSAN UUTISET, 22 Jul 86) | 28 |
| Minority CP Paper on Finland's Ties With European Community (TIEDONANTAJA, 22 Jul 86) | 30 |

| | |
|---|----|
| Veikko Vennamo Quits Parliamentary Group, Party Paper Column (HELSINGIN SANOMAT, 24 Jul 86) | 32 |
| GREECE | |
| Signing of DICA, SOFA Agreements Anticipated (Nikos Simos; I KATHIMERINI, 21-22 Sep 86) | 34 |
| GREENLAND | |
| Inuit Attendance at Polar Conference Rejected by USSR (LAND OG FOLK, 22 Jul 86) | 36 |
| ICELAND | |
| Papers, Politicians Discuss Dispute With U.S. Over Whaling (MORGUNBLADID, various dates) | 38 |
| Conservative Paper Reviews Problem, Editorial | 38 |
| Fisheries Minister Explains Issue | 39 |
| Social Democrat Leader Comments | 40 |
| Foreign Affairs Committee Chairman Comments | 41 |
| Women's List MP Comments | 42 |
| Columnist on Leftists' Reactions | 42 |
| Columnist Asks if People's Alliance Headed Toward Split (Halldor Halldorsson; MORGUNBLADID, 12 Jun 86) | 45 |
| People's Alliance Internal Strife Centers Around Chairman (MORGUNBLADID, various dates) | 49 |
| Battle for Newspaper Control | 49 |
| Paper's Staff Oppose Gestsson, Editorial | 50 |
| Battle Between Generations | 52 |
| Chairman, Editor in People's Alliance Trade Charges (MORGUNBLADID, 8, 9 Jul 86) | 54 |
| Editor: Party Committing Suicide | 54 |
| Svavar Gestsson: Untimely Speculation | 54 |
| Funds Misuse Charged | 55 |
| Paper Views Possible Ramifications of Hafskip Case for PA (Agnes Bragadottir; MORGUNBLADID, 17 Jul 86) | 57 |
| Increasing Likelihood of Fall Elections Discussed (MORGUNBLADID, various dates) | 62 |
| Discussions Followed Local Elections, Editorial | 62 |
| MPs, SDP Chairman Comment | 63 |
| Parties' Internal Situation Viewed | 65 |

PORTUGAL

- Future, Dilemmas, Difficulties of PS Analyzed
(Editorial; DIARIO DE NOTICIAS, 2 Sep 86) 72

SWEDEN

- SDP Suffers Unusually Large Drop in Monthly Poll
(DAGENS NYHETER, 23 Jun 86) 74
- Dropped 2.5 Percent 74
- Soder Election Boosted Center, Editorial 75

SOCIAL

EUROPEAN AFFAIRS

- FRG, Turkey Confront Immigration, Economic, Social Issues
(Rudolf Strauch; DER TAGESSPIEGEL, 31 Jul 86) 77

GREECE

- Poll Reveals Popular Ignorance of Europe
(ENA, 11 Sep 86) 79

ECONOMIC

FINLAND

- Economy Rapidly Losing Momentum According To Study
(UUSI SUOMI, 23 Jul 86) 82

GREECE

- Advantages Deriving From USSR's GATT Membership
(Dion. Stamboglis; TO VIMA, 14 Sep 86) 87
- Reasons for Productivity Decrease Detailed
(I KATHIMERINI, 26 Sep 86) 89

ICELAND

- Finance Minister on Objectives, Problems for 1987 Budget
(MORGUNBLADID, 17 Jul 86) 90
- Paper Discusses Problem of Persisting Trade Deficit
(Editorial; MORGUNBLADID, 18 Jul 86) 95

PORTUGAL

- Statistics on Housing Facilities, Ownership Provided
(EXPRESSO, 30 Aug 86) 97

MILITARY

DENMARK

| | |
|---|-----|
| SDP Defense Spokesman Budtz on Nuclear Policy (Lasse Budtz; AKTUEL, 19 Jul 86) | 99 |
| Paper: SDP 'Defensive Defense' Proposals Misrepresented (Editorial; INFORMATION, 4 Aug 86) | 103 |
| Civil Defense Organization Modernizing Telecommunications (AKTUEL, 22 Jul 86) | 106 |
| Briefs Wire-Guided Torpedoes From Sweden | 107 |

FINLAND

| | |
|--|-----|
| Armed Forces Staff Chief Warns of Cruise Missile Dangers (HELSINGIN SANOMAT, 27 Jul 86) | 108 |
|--|-----|

NORWAY

| | |
|---|-----|
| Brundtland Pledges Country Will Meet NATO Responsibility (AFTENPOSTEN, 5 Sep 86) | 109 |
| NATO Chief Praises Army's Infantry Tactics in Demonstration (Liv Hegna; AFTENPOSTEN, 4 Sep 86) | 111 |
| Conservative Paper: Defense Minister Takes Kola Too Lightly (Editorial; AFTENPOSTEN, 5 Sep 86) | 113 |

PORTUGAL

| | |
|---|-----|
| Maritime, Atlantic Orientation Urged for Defense Purposes (Virgilio de Carvalho; DIARIO DE NOTICIAS, 2 Sep 86) ... | 115 |
|---|-----|

ENERGY

FINLAND

| | |
|---|-----|
| Poll Shows Less Support for Nuclear Energy After Chernobyl (SUOMEN KUVALEHTI, 25 Jul 86) | 117 |
| Post-Chernobyl Opposition to Nuclear Power Less Than First Seen (Editorial; HELSINGIN SANOMAT, 4 Sep 86) | 119 |

SWEDEN

| | |
|---|-----|
| Rising Electricity Costs Expected To Hurt Competitiveness (SVENSKA DAGBLADET, 15 Jun 86) | 120 |
|---|-----|

/7310

ECOLOGICAL PARTY SPOKESMAN ON EMPLOYMENT, REGIONAL ISSUES

Brussels LA LIBRE BELGIQUE in French 21 Aug 86 pp 1,2

[Article with interviews conducted by Andre Mean and Francis Van de Woestyne: Foster a new "image" of work: Ecologists don't put much faith in industry's response to the unemployment problem.]

[Text] Two Walloon ecologists, Paul Lyonne, federal secretary, and Senator Francois Vaes, talked with LA LIBRE about one of the issues awaiting the return of the lawmakers: jobs.

"There is no industrial response to the job problem, : they maintain. Most investments are streamlining investments, which, in the long run, cut back on jobs.

We have to turn those investments around." "Why, for instance, not launch an energy master plan for the whole country?" ask Lannoye and Vaes, who are also very much in favor of a lot more job-sharing.

We also lured the ecologists into a discussion of other issues on the front burner and on the front pages: the EEC, the super-high-speed train (TGV), and...golf courses.

[Question] Is ECOLO rallying its troops for a grand autumnal Labor/Community bash this year?

[Lannoye] That has nothing to do with our plan or with our prime concerns. As we see it, the essential issue this fall will hinge on our decision as to what to do about the Val Duchesse plan. Does the government intend to round out its plan by advancing proposals for increased employment? Personally, I don't think so. We shall have to wait and see the reactions from the big labor unions, the citizenry, and the teachers. ECOLO will push to get the debate out into the open. For the moment, ECOLO's role is more cultural than political.

Socialist Prudence

[Question] The opposition has harshly criticized the Val Duchesse plan. Is it capable of coming up with an alternative policy that could affect the present circumstances?

[P. Lannoye] There is always a political alternative. The Socialist Party is pretty much confined to the gallery at the moment. It is more than a little odd to find that the chairman of the SP, Guy Spitaels, turning only to the tribunal of LE SOIR, and then only in an extremely reticent and cautious manner. He talked about Mr Eyskens' cat. He behaved like a cat himself. The SP staked out far more swift and tough positions. Is there an alternative hidden in "all that"? As for me, I don't know.

[J.F. Vaes] I think a political alternative can be found on four levels: the goals we set for policy, the solutions we suggest to achieve those goals, the pace of change that may be set, and the decision-making processes one adopts to impose, suggest, or arrive at consensus. On these four points ECOLO has an alternative to the government.

Accordingly, we can agree on some pinpoint targets among the proposals for straightening out the government's financial mess, without thereby embracing the goals the government sets for restructuring the economic system, or on the pace of change it will impose. By way of proof: education, unemployment, local statutes, the debt. In my view, the solutions are over-hasty. As we see it, it was not absolutely necessary to cut 200 billion from the budget; 150 billion would have sufficed, given the state of the economy.

Apparently, the Socialist Party has to desire to run the country. It would rather let Mr Martens deal with the whole difficult cleanup phase and perhaps gather the fruits of a national budget that had been restored to relative health to redistribute a few social gifts come the day it returns to power.

Don't Shoot the Piano-Player!

[ECOLO] What you are doing is trying to justify what the present government is up to...

[J.F. Vaes] Although I agree on the cleanup goal, I do not approve of the method. Therefore, I challenge the goal.

[P. Lannoye] Gathering the fruits, you say: that also means admitting that the government has failed to find a cure for unemployment. I think Mr Spitaels might admit that the government, which had claimed to have gone three quarters of the way, is a long way indeed from finishing the fourth quarter. It hands out bitter pills, but they never do any good.

The government has merely taken a string of measures that let it look as if it were opening up a job market. That is where we go along with Mr Spitaels' diagnosis. What the PS stands to gain from the operation is a finding: the government has been bragging, but it has yet to reach its announced goals. Having said that, I do not believe that the socialists, were they to return to power, would wipe out all the recovery measures taken by the government.

[J.F. Vaes] I believe we ought to look at this objectively, and refrain from shooting the piano-player. There is a degree of consistency between the government's goals and the solutions it proposes for reaching them. But we must pause and ask ourselves one question: is financial recovery the only thing that matters, and can we do it on our own, even to the point of flouting all European policy?

I have failed to find in the government's declaration the slightest allusion to a European financial policy. By not making one single mention of that, Mr Martens has forfeited his credibility.

[P. Lannoye]: The Val Duchesse operation is a simple accounting operation. Before you open fire on the government, it might be wise to pause a moment and think about how well those services work, about the extraordinary bureaucratic proliferation, and about duplication of jobs. There will have to be original solutions. But there is nothing in the plan that touches on this subject.

What About Jobs?

[Question] It is generally alleged that the government lacks grand and exciting projects that would stir people up and which could restore enthusiasm and, above all, generate jobs. What do you think of that assertion? What, basically, is your philosophy on the job situation?

[P. Lannoye] As we see it, jobs are not generated by grand designs in the sense we used to think of them. You can have a grand idea, a grand energy plan, for example, but that grand plan must be brought to fruition by a multiplicity of little plans that work and that are innovative.

There is no industrial answer to the job problem. The solution does not necessarily lie in investments that are, for the most part, investments in modernization which, in the long run, do away with jobs.

The only way to create jobs is to share work-hours and to redirect investments. In the area of energy, for instance, it is better to decentralize than to create a gigantic whatchamacallit that will destroy jobs.

[Question] With or without steady earnings?

[P. Lannoye] It is not possible to maintain the income that would cover 38 or 39 hours of work. Sooner or later, we shall have to bite the bullet and move toward work-time sharing and a gradual reduction of earnings that will affect primarily those who earn most.

I would add that we could reduce needs. In every household there are dozens of expenditures made, owing to the fact that needs aroused by a given social organization are altogether out of

proportion with what they would be in a different organization. I am thinking here about expenditures on transportation and expenditures on energy.

Of recent years, home heating, for example averaged 60,000 to 80,000 francs a year. We need to prepare ourselves better to cut down on our perceived needs. We need a complete social reorganization, and we need it now. That is the grand plan we dream about: to review our entire social organization and our entire economy.

[J.F. Vaes] I should like to add a philosophical dimension to this portion of the discussion. The term "jobs" covers a multitude of pretty murky ideas. It is a question of earnings a question of social integration, a question of creativity. ECOLO must carefully weigh and assess what the concept of the job means in terms of social aspiration.

We must remind ourselves that we shall never again find more jobs as we did in papa's time. Those days are gone. Demography has declined, our needs are all but saturated, our foreign markets have been transmogrified into our one-time foreign markets' domestic markets, productivity has risen. We can never again offer the four million jobs we had in 1975.

Must we think solely in terms of revenues? Wouldn't it be better to think in terms of overall satisfaction for the individual? Should the environment cost so much? Ought food to cost so much as it does now, when it could be cheaper and better (food accounts for 25 percent of household incomes); is a car vital to achieving the kind of contacts I am looking for? Why not, for instance, show some solidarity in the use of private automobiles?

By citing jobs as a priority goal, the government has made a grave analytical error. There is no denying, really, that human beings are also sensitive to other values. When I hear that an elderly person, still in good health, is stripped of his right to work, I am shocked. We should not be eliminating older people just so we can think more about the young. That is not reasonable.

Moonlighting is the same thing. They may call themselves liberals, but, at the same time, they are the first to latch onto all the fellows who, 2 hours after the 5 o'clock whistle blows, will come and lend a hand on the construction of their mother-in-law's new house. Moonlighting is born of the willingness of people to help each other, or their own desire to be doing something. I am opposed to all these systematic attacks on moonlighting.

The job is not an end in itself, but a means to earn money and the key to social status. We have to find a way to sever the concept of the job from that of earnings, or we shall never get out of our bind. We must also consider the quality of the job and not merely the size of it.

About Those Golf Courses..

[Question] What is your position on the issue known as the golf courses?

[J.F. Vaes] Golf does not seem to me, at first glance, as totally destructive to the environment. An automobile racetrack takes up as much space as a golf course and is more destructive to the environment.

However, I am of course in favor of more democratic golf courses than those we have currently. I also say that it is not necessary that the the green occupy as it does here 50 percent of a golf course. Don't forget that in England they design golf courses to fit nature reserves, and only 5 percent of the courses are greens.

[P. Lannoye] I agree, but if these golf courses start nibbling away at good farmland, then I say no.

The TGV

[Question] What will your stand be when they take up the matter of the Very high-speed (TGV) train?

[P. Lannoye] It's a lousy bill. For one thing, it is a rapid transport system which will not use too much energy, but the GTV is going to cost a lot (60 billion) and provide a useful service to a very few people (nobody will ride it except foreigners passing through Belgium.) With those 60 billions, we could provide a much more useful transportation system in the villages and in rural areas. The GTV, furthermore, would be merely an addition to an already extremely dense highway system.

[J.F. Vaes]: That seems a bit cavalier to me. We can find 60 billion for that, but we can tell the teachers, parents, and the handicapped to get lost—all in the name of austerity. There are other priorities than that.

Happart

[Question] What do you think of the Happart case?

[P. Lannoye] Mr Happart has been duly elected mayor; there is no reason whatsoever to disqualify him. In the future—but this has nothing to do with the Happart case—we should hope that mayors no longer be named by the King, but chosen by community councils.

As for Mr Happart, it is up to the oversight authority. We must not state the problem upside down by saying that, since he refuses

to take a language test, he is going to slight the minority. We think Happart is right on this score. We cannot try him for his intentions.

[Question] If Happart is unseated, but runs and wins again, he must be reappointed...

[Answer] Obviously. That's what the law requires at present.

Brussels

[Question] What do you think of the plan to rezone some of the Brussels communes that Development Cooperation Secretary De Donnea has drafted? Is it enough? Is it a step in the right direction?

[J.F. Vaes] The De Donnea plan is a very frivolous piece of work, which contains no political philosophy, and which does not protect Brussels as a region.

It is a mean sort of bookkeeper's logic that tries to show that financial recovery can be handled by small-scale, centralizing rezoning.

From the institutional point of view, it adds up to zero...

6182

CS0: 3619/65

SOCIAL DEMOCRAT ON EUROPE'S ROLE BETWEEN SUPERPOWERS

Copenhagen WEEKENDAVISEN in Danish 29 Aug-4 Sep 86 p 6

[Article by Birte Weiss, vice chairman of the Social Democratic Party and chairman of the SDP committee on Europe: "Greater Independence in Relation to Two Superpowers"; first paragraph is WEEKENDAVISEN introduction]

[Text] In the context of the Social Democratic report on European policy that will be released on Monday and form the basis for a debate at the party's annual congress in Alborg on 6-7 September, SDP vice chairman Birte Weiss outlines the background of the differences between European and American priorities for European development.

After two popular referendums and two direct EC parliamentary elections, it is time for a change in the nature of the Danish debate on Europe. The old front lineup with advocates of union on one side and opponents of the whole idea on the other is no longer viable in the real world of today.

The debate prior to the package referendum last winter showed that the idea of union has no future in Denmark or, as Poul Schluter so succinctly put it: "Union is a dead issue."

It is now clear that Danes do not want to have more national tasks that are currently regulated by Folketing decisions turned over to EC institutions. They want to retain the veto and keep the council of ministers on a short rein. That is the positive message that came out of the package discussion and although political guarantees have a way of disintegrating, the government's assurances--issued somewhat reluctantly, perhaps--have put EC integration on hold for a number of years to come.

A new debate on Europe can start on the basis of this fact. How can we develop a European policy that ends the practice of letting the U.S. and Soviet superpowers make important decisions that concern Europe's future? Or to put it another way, how can we create a stronger role for Europe--economically and politically--that will lead in the direction of less dependence on the superpowers?

That is one of the questions the Social Democratic congress asked to have analyzed in the fall of 1984. The result is the report, "An Open Europe,"

which will be discussed at the Social Democratic congress on 6-7 September before becoming the subject of a year-long debate by party organizations and discussion groups.

The report does not affect the basic alliance situation but gives a number of explanations as to why the European nations have now moved closer together and become more critical of the United States.

After World War II Europe was no longer the center of the world. The old colonial powers collapsed. The economic, political and military leadership role in the western world unequivocally passed to the United States. And the global situation was governed by the confrontation between the superpowers, with Europe serving as the central area for this confrontation.

In the area of security policy the West European countries took shelter under the U.S. nuclear umbrella. Economically, Western Europe enjoyed 25 years of prosperity in concert with the American economy. With regard to the former colonies, the United States took on the role of "international policeman" on behalf of the western nations.

Along the way there have been conflicts of interest between Western Europe and the United States. There have also been crises, especially with regard to deGaulle's France. But by and large Washington has determined the mutual profile that was presented.

However in the last 10-15 years--since the 1972 EC referendum, in fact--the international situation has changed considerably. This has had far-reaching consequences for Western Europe and Europe in general, especially in relation to the superpowers.

After a brief period of detente between the superpowers in the early 1970's, the fronts were again drawn up sharply. This led the West European countries to map out a more independent course with regard to the superpowers. Together with the United States they sharply criticized the Soviet Union's role in world policy on several occasions--this was especially true in connection with the invasion of Afghanistan and the state of emergency in Poland. But at the same time the West European countries tried to maintain a detente line in relation to the East bloc, a line that came into increasing conflict with the American course.

The economic connections in the western world have been shaken since the international monetary system (the so-called Bretton Woods system) began breaking down and oil prices exploded in the early 1970's. This led to economic instability in relations between the western nations.

At the same time West European countries, faced with the crisis and rapid technological developments, have been more and more hard-pressed in the international competition with the United States, Japan and the newly-industrialized Pacific countries (South Korea, Taiwan and others).

Western Europe has also acted more independently toward the Third World countries. It has functioned as an alternative to the Soviet method of giving aid to the Third World, in part because it was considered wrong to base aid policy entirely on considerations of power politics.

Western Europe has also criticized American power politics both directly and indirectly and worked instead to achieve political solutions to Third World conflicts. Disagreements concerning Nicaragua and Libya are examples of this difference.

Thus the West European countries have had a number of experiences that have underlined the fact that there is a difference between European and American goals. This has in no way affected the western alliance itself. But it has made people realize that the West European countries cannot simply leave it to the United States to decide what their stand should be on major international issues.

It is not just in the Social Democratic and socialist parties that this realization has emerged with increased clarity. It has also gained currency in nonsocialist circles. But in practice the nonsocialists have often been halfhearted in their effort to assert West European independence.

This has been clearly demonstrated, for example, by the attitude toward the American "Star Wars" project (SDI). At first the idea ran into an almost united critical front in the West European countries. But later on conservative governments have involved Great Britain and the Federal Republic of Germany in this serious contribution to the arms race spiral.

At the same time the West German government in particular has gone in for the American idea of also setting up a West European "Star Wars" project (EDI), a project that would create another threat to peace.

When conservative governments in leading West European countries follow the United States so uncritically in this context, they do so primarily to acquire some economic benefits, which appear to be increasingly doubtful, incidentally. In the second place they do so on the basis of some dogma that says that true conservatives and liberals can be known by their support of the actions of the United States.

That makes it all the more important for Social Democratic and socialist parties to work to make Western Europe an independent and equal "pillar" in the western cooperation--to use a term originally created by John F. Kennedy.

The purpose of this is not to make Western Europe into a new superpower. A greater degree of West European independence should be used to realize the international goals of democratic socialism: detente between East and West and fundamental changes in the relations between the rich nations and the Third World (North-South relations).

Western Europe must also assert itself more strongly if there is to be a basis in the future for carrying out democratic socialist reforms in the West

European countries themselves. Employment and a decent standard of living for all, production that does not harm the environment, a reduction of daily work hours, economic democracy--these are only realistic goals if Western Europe is to maintain its economic vitality and hold its own in the competition with the United States, Japan and the other Pacific countries.

Another key to the explanation of the different interests in the United States and Europe can be found in the history of NATO.

The basis on which NATO functions was defined back in 1967 in the so-called Harmel report (named for the Belgian foreign minister at that time). It was determined that the alliance has a dual purpose--to contribute to both military security and detente--and these purposes were meant to supplement each other.

One can see that the Harmel report represented a compromise between the basic European and American attitudes toward security policy. The Europeans stressed that detente was a prerequisite for greater security. For the Americans, on the other hand, the factors came in a different order: the buildup of a convincing military strength on NATO's part was the prerequisite for detente.

These attitudes reflected different interests. The U.S. interest revolved around the confrontation of the superpowers on the global level: the Soviet Union was to be threatened into controlling itself, not just in Europe but on the international level.

For Europeans, on the other hand, this was an unpleasant prospect. The military threat on the global level increased tension in Europe and thus the risk that Europe would become a war theater. Their major interest was to prevent that from happening.

The two interests did not confront each other as absolute opposites. But the emphasis was still different and the stage was set for responding in different ways in the area of East-West relations. The difference was maintained as things developed further and has deepened, especially in recent years.

In the first period following the writing of the Harmel report the difference was not so noticeable. It was back in that period that the superpowers took a number of steps to reduce tension. In 1972 they entered into the so-called ABM treaty that entitled each side to maintain only two missile defense systems, later reduced to one. (ABM stands for Anti-Ballistic Missile.) They also approved a limitation on offensive long-range missiles. It was the first step in what was called the SALT process.

That was also the time when Willy Brandt launched his East policy. In the period 1969-73 the Federal Republic entered into agreements with the East European countries that were focused on securing the boundaries that were the result of World War II. This was a decisive step toward detente in Europe.

But although the West European and American interests coincided in the detente period they still had somewhat different starting points.

For West Europeans detente largely involved a political change in Europe. If the sharp bloc division continued Europe would remain an area of high tension. By starting to break down this division into blocs through close political, economic, cultural and humanitarian cooperation greater security could be achieved. This attitude was especially characteristic of the decisive efforts of the West German Social Democrats, summed up in Willy Brandt's statement that there was only one mutual European security policy.

For the United States the main purpose of the detente policy was to preserve the status quo in the balance of power between the superpowers on the global level. The Soviet Union had become a major nuclear power and that in itself provided a reason for reaching agreements. In addition to that the Soviet influence was expanding in the Third World. The Americans hoped that the policy of detente here would commit the Soviet Union to a less expansive course.

The Americans were disappointed. The Soviet Union did not acknowledge the status quo in the Third World but became more and more strongly involved, militarily as well as otherwise. At the same time the Soviet Union went on expanding its nuclear strike force, especially in the area of medium-range missiles.

The detente period also disappointed West Europeans somewhat as time went by. Although results had been achieved in relaxing tension they had not put a stop to the continuing arms buildup. But the United States and Western Europe reacted differently to the disappointment.

In the United States they distanced themselves with increasing force from the detente process that had characterized the first part of the 1970's. The so-called SALT II talks on long-range nuclear weapons made slow progress and when they finally reached an agreement in 1979 it was not ratified by the American Senate. However the main significance of this lay in the new political signals that were thus given--the agreement was adhered to in practice.

Now military strength again became central in American policy. This was especially pronounced when the Reagan administration took over. Western military superiority became the declared goal and in parts of the administration old Cold War concepts were revived with regard to starving out the "evil empire" economically, causing it to collapse. The concept of detente was abhorrent to them and global power politics emerged with even greater force.

This development created greater distance between the United States and Western Europe. The result has been a series of conflicts concerning security matters that have weakened the political cohesiveness of the NATO alliance.

The West European countries have continued to maintain the policy of detente in spite of disappointment over the fact that Soviet thinking and conduct are dominated to such a large extent by military protection of the Soviet Union's superpower interests.

The most noteworthy result of the European--including the East European--efforts for detente was the Helsinki Conference on Security and Cooperation in Europe (CSCE). This included all the European nations (with the exception of Albania), the United States and Canada. The conference itself ended in 1975 with the so-called Helsinki declaration, but it has given impetus to a continuing follow-up process known as the CSCE process.

The conference was notable for several reasons. Here we will mention only two.

First of all it was not left to the superpowers to arrange the agenda. The individual European countries were able to take the floor and form contacts with each other across the East-West dividing lines. Seen through western eyes it provided valuable opportunities compared to the normally extremely tight control the Soviet Union exercises over the East European countries.

Secondly the conference placed great emphasis on a number of questions that are of the greatest importance for detente but that do not directly affect the military power situation.

They include the building up of mutual trust, the expansion of human contacts and the development of cooperation in the economic, cultural and other sectors. This emphasis is to a large extent an expression of the West European concept of detente, which is regarded as the patient surmounting of the sharp bloc divisions in Europe.

In the same way the philosophy behind an overall Social Democratic policy on Europe is that the multiplicity and openness of cooperative forms are of decisive importance. EC and Nordic cooperation are not alternatives any more than the Council of Europe and EFTA are. The conclusion therefore is that joint Nordic initiatives, cooperation with the eastern countries and supplementing the framework of EC cooperation should all be strengthened.

The report on "An Open Europe" tells how to accomplish this in a great many concrete areas.

6578

CSO: 3613/1

SDP LEADERSHIP DIVIDED ON POSSIBLE COALITION WITH LEFT

Copenhagen INFORMATION in Danish 5 Aug 86 p 10

[Editorial by tok: "S for Strategy"]

[Text] Ritt Bjerregaard disagrees with Birte Weiss who supports Anker Jorgensen whom Mogens Camre is said to be against who in turn is on line with Mogens Lykketoft who, however, is opposed by Svend Auken. This is how the situation is within the leadership of the Social Democratic Party when the talk is about future government formation. The summer debate has shown that the party's decision makers are far from being in agreement on what is needed to reestablish a government led by the Social Democratic Party.

Should it be a condition that the next election yields increased number of seats for the Social Democratic Party? Anker Jorgensen thinks so. And the two deputy chairmen, Birte Weiss and Svend Auken, have moved towards the same lines in their public statements. Besides, they have decided that their party must try to work closely with the Socialist People's Party if the upcoming elections give the Socialist People's Party the results that correspond to the figures that the many public opinion polls have shown in recent months.

In clear contrast to that understanding are the viewpoints which Mogens Camre recently expressed in an article here in this paper. He is not interested in having his party pursuing joint policies with the Socialist People's Party--but on the other hand, he hopes that the government power will be won if it is at all possible. Mogens Lykketoft has said something which can indicate the same direction, and the same can be said about Ritt Bjerregaard--perhaps.

Her very emergence in the debate, as it was manifested in an interview with MORGENPOSTEN on Sunday and in statements in the Monday issues of that paper and EXTRA BLADET, provides a useful reminder that reality may be more complicated than Anker Jorgensen's and Mogens Camre's handling of it. Although Ritt Bjerregaard herself clearly states at one point that she disagrees with the party chairman, she cannot right away be given credit for the viewpoints which Mogens Camre has brought forth.

The disagreement with Anker Jorgensen is about the idea that the Social Democratic Party will have to make progress in order to be able to form a government. Instead of saying that it is an absurd--not to say apolitical

power denial, Ritt Bjerregaard reminds her party chairman of the party's history. Again and again, the party has taken on the power of government, although it has lost mandates. As she says, it is a part of her party's identity to always seek the greatest influence possible. An exception from this rule was Anker Jorgensen's voluntary abdication in August 1982 when he, without being in the minority, threw away government responsibilities. Among those who at that time saw that as a regular disposition was Ritt Bjerregaard, and it is therefore noteworthy when she now refers to this surrender of the government power as an independent reason for the poor position her party has against the Socialist People's Party.

But that is noteworthy in a positive sense. The reason is that she uses this insight as a link in her analysis of what the Social Democratic Party should do in the probable situation, that the party will lose fewer mandates than the Socialist People's Party will win, and that the two parties therefore stand as the natural partners in forming a government after the next election. The fact that she has thereby hit on a view which Sven Auken maintained--without result--in the summer of 1982, a viewpoint he obviously has revised strongly since then, shows something about how changeable politics can be when it is pursued at the top of the Social Democratic Party.

When Ritt Bjerregaard reminds us of a more recent history and claims the so-called social democratic identity, one must assume that it is in that light that she wants her statement about the future parliamentary cooperation evaluated. "We should not," she said to this newspaper, "attempt to form a binding cooperation with the Socialist People's Party without first having tried to bring other parties into the coalition."

Is she thereby saying the same as Mogens Camre wrote? Hardly. There is another parallel that is much closer, when she is the one speaking. When the Social Democratic Party and the Socialist People's Party had in November 1966 gained majority together for the first time, Jens Otto Kragh did not immediately run to Aksel Larsen to lure him into government coalition. Kragh's first initiative was a four-party government which was not only composed of the Social Democratic Party and the Socialist People's Party, but also the Radical Liberal Party and the Center Democrats. He could not have been in any doubt that the idea was stillborn, but he made the detour because he--with Ritt Bjerregaard's actual formulation--was clear about the fact that the "bloc politics go against the Danish mentality." Only in the second round did he enter into the cooperation which produced the famous words that one has a viewpoint until one takes another.

With her statements, Ritt Bjerregaard tries to prevent that she--and her party--will get into the very same situation. She does not exclude the fact that the next elections may give way to tight cooperation between the Social Democratic Party and the Socialist People's Party, but she recommends that the other party leaders do not get the impression in advance that they are the only conceivable possibility. That is tactically clever, but as a strategy, this plan has its shortcomings. Not only could Ritt Bjerregaard's party prepare itself better for such a new cooperation if it plans it in advance; the party would also be able to counteract the current and justified feeling that it is irresolute and split, if it takes the offensive and with purpose

concentrates on being the leading power in a cooperation with the Socialist People's Party. Today it is the Socialist People's Party and not the Social Democratic Party that is gaining in the public opinion polls. Is it possible that the reason is that the Socialist People's Party has much better prepared and thought out message in such a situation than the Social Democratic Party.

9583

CSO:3626/186

VAYRYNEN MAKES USSR TRADE INTO POLITICAL ISSUE

Sorsa Confident of Stability

Helsinki SUOMEN KUVALEHTI in Finnish 5 Sep 86 pp 29, 31

[Report on interview with Prime Minister Kalevi Sorsa by Kauko Holopainen: "Kalevi Sorsa: 'Volume of Trade with USSR Will Be Maintained'"; date and place not given; first paragraph is SUOMEN KUVALEHTI introduction]

[Text] Prime Minister Kalevi Sorsa does not believe that there will be any dramatic cuts in our country's trade with the USSR. In the negotiations on trade funding we must reach a settlement that will balance the trade surplus, at present in favor of Finland, within 2 or 3 years.

The chairman of the Economic Commission between Finland and the Soviet Union, Prime Minister Kalevi Sorsa, takes a hopeful view of the trade balance problems between our two countries. Matters must be resolved. And this in spite of the fact that, as things look now, Finland's surplus balance will rise to from 600 to 700 million rubles, or from 4.3 to 5 billion markkas, this year. The figures have been revised upwards by 100 million rubles since last spring.

Sorsa bases his cautious optimism on different structural reforms: The commission's Machine and Equipment Committee signed an agreement last week for the doubling of the import sector, discussions on the reduction of the surplus through bank and financial policy measures will continue this week in Moscow and the economic reform set in motion in the Soviet Union also promises structural reforms.

"Naturally, we are very willing to cut our export volume," Sorsa said. He does not believe that there will be the drastic cuts in trade between Finland and the Soviet Union that have been predicted.

According to the Finnish view, compensating for the surplus that was produced along with the collapse of crude oil prices by increasing Finland's imports often fails due to the lack of availability of Soviet products.

"The basis for the Soviet planned economy has been that only goods that are included in the annual and 5-year plans are produced through the national economy. Thus it has been relatively difficult to disengage larger consignments of goods on short notice from the cycle of the planned economy," Sorsa said.

According to Sorsa, the reforms in the Soviet economy predicted by academician Aganbegian will open new prospects for economic cooperation between our two countries in the long run. The prime minister thought that direct foreign trade and joint ventures with foreign firms will certainly motivate Soviet enterprises in a new way.

Cheap Oil: a Blessing and a Curse

In the press it has been estimated that Finland will have to cut its exports by from 20 to 40 percent. What is the truth?

"It's too soon to say anything about that for certain. The matter will decisively depend on the outcome of the funding negotiations at present in progress in Moscow. It is up to the experts engaged in the negotiations to find a solution within the framework of which trade may be balanced within 2 or 3 years," Sorsa predicted.

The imbalance in Finnish-Soviet trade is due to the collapse of the price of oil. The 1986-1990 general trade agreement was made on the basis of a price of about \$28 a barrel, but during the summer the price sank to somewhere around \$10. Now, since the OPEC decisions, the price of oil seems to have been stabilized at about the \$17 level.

Finland's problem with the price merry-go-round is that what is manna in the Soviet trade is poison on other markets.

"The price of oil has a decisive effect on our industry's competitiveness in addition to the effect it has on the Soviet trade and on business conditions on other export markets as well. Furthermore, it is a key regulator of the development of domestic expenses. A high oil price would therefore not be to our advantage."

In Sorsa's opinion, the prices of oil or the dollar are not in themselves the worst problem, although they do create difficulties. Rapid and sharp fluctuations in prices are the worst thing.

"Ways of ensuring a high volume of trade even with lower oil prices can be found if only we can create calmer options than now in trade policy operations for officials and firms that engage in trade. A bit more time to adapt to the new situation," Prime Minister Sorsa speculated.

Where Can We Find New Products to Import?

In Sorsa's opinion, the supplementary imports agreement for 1987-1990 signed in connection with Soviet Foreign Trade Minister B.I. Aristov's June visit to Finland was of particular importance because it offered proof of both sides' determination to maintain the high volume of trade that has been achieved.

"We must especially emphasize the fact that the Soviet Union has in this way of its own volition demonstrated its readiness to correct the gaps that have

arisen in its exports and assume responsibility for the requirements for improving trade between our two countries.

"Efforts to increase imports from the Soviet Union must, however, be continued with unremitting vigor. We must especially strive to diversify imports so that our trade's dependency on fluctuations in the prices of a few key products may be reduced," Prime Minister Sorsa said. Do company managers from time to time hope for political aid for their efforts?

"Of course, the country's political leadership strives in every way it can to support firms' efforts whenever the opportunity to do so presents itself in connection with meetings. Continuity is essential in these contacts.

"Especially now, when there is a new Soviet leadership, we must ourselves actively strive to get them into patterns of economic cooperation between our two countries. In my opinion, we have also been successful in this. The Soviet leaders understand Finland and are interested in economic relations with Finland," Sorsa assessed the situation.

Import Potential of 2 Billion

It would, in Sorsa's opinion, be natural for us in our efforts to increase Finland's imports to attach ever greater importance to those firms that import appreciable quantities of raw materials and semifinished goods that we need from other countries.

Among others, Neste, Rautaruukki and Kemira have for a long time now been importing such items. As examples of industries that import appreciable quantities of goods from countries other than the Soviet Union, Sorsa mentioned the forest industry, the chemical industry and the nonferrous metallurgy industry. According to [Economic] Commission reports, firms in these industries are also interested in increasing their imports from the Soviet Union.

"These industries' annual purchasing power alone comes to a couple of billion markkas," the prime minister calculated.

This would mean a considerable balancing of trade. Within the scope of the commission, in the very near future they plan to send different purchasing delegations to the Soviet Union to familiarize themselves on the spot with the opportunities that are available. "The conditions for finding suitable products certainly exist, but their adaptation will require new, unbiased actions on the part of both Soviet exporters and Finnish importers," Sorsa said.

Cooperation in Production Off to a Good Start

In the prime minister's opinion, Finnish-Soviet cooperation in production has gotten off to a very successful start this year. The form of cooperation has been very positively received among metal industry firms that export to the Soviet Union.

According to the current 5-year general agreement, about 45 percent of Finland's machine and equipment exports directed toward the Soviet Union -- with a total value of about 1.5 billion rubles -- is to be transferred to handling on the basis of joint production. According to Sorsa, the total value of the quotas assigned to joint production in this year's trade protocol is about 210 million rubles, most of which, or 180 million rubles, has so far been approved.

The most important objects of cooperation are telephone and communications equipment, special railcars, soil analyzers, special vehicles and industrial automation equipment. Furthermore, a sizable joint production effort in the construction of two nuclear icebreakers is in progress in the shipbuilding industry.

This cooperation will not, however, solve our trade balance problems, will it?

"Not immediately, because the supplying of joint Finnish-Soviet products generated by it is at present, in accordance with the general agreement, directed mainly toward the Soviet Union. The marketing of these products in Finland and in third countries is for the time being still in just an initial phase," Sorsa admitted.

However, he predicted that cooperation in production will noticeably diversify the structure of trade between our two countries in the future.

Where Will the Demand for Soviet Products Come From?

Sorsa conceded that the task of a Soviet seller on the Finnish markets is not an easy one. Operating in a market economy, Finnish buyers are constantly in a kind of oversupply situation. A buyer need only breathe and a line of sellers competing with one another are knocking at his door with the most attractive of terms.

Since the basis is a long-term customer relation, deliveries arrive on time and the price is right, buyers are not even interested in considering other alternatives. Under these circumstances, a new Soviet seller's position is not an easy one, Sorsa speculated.

How could the demand for Soviet products be increased to balance trade and through whose efforts?

"First of all, I'm inclined to believe that Soviet products have very sound bases since they are price competitive.

"Contracts between Soviet sellers and Finnish buyers can be furthered through different kinds of seminars, symposia and product fairs. In the final analysis, it will be the job of the Soviet marketer himself to adapt to the tough competition that prevails in Finland. Naturally, our country's commercial and business organizations can provide aid in doing so."

What news about project exports? Will there be giant projects?

"No new Kostamus, but in the very near future, that is, within about a year, there will be about 10 medium-sized projects in a decisive phase for trade.

"Perhaps the biggest of these will be the Rakvere meat-processing complex in Estonia. The project is very representative of the trend in project exports now being established, whereby the focal point of targets is shifting from large to smaller projects executed on the for-immediate-occupancy principle.

"The really large projects that the Economic Commission is at present working on are the joint construction of the Arda viscose cellulose plant and the Yenisey cellulose and paper complex. Decisions on these will, however, be scheduled for the latter half of the period covered by the present general agreement," the prime minister reckoned.

A form of activity that is rapidly being developed in the field of project exports is Finnish construction firms' increasing participation as subcontractors in projects built for the Soviet Union by third countries.

At present under study are about 10 projects in the machine construction, chemical and oil refining industries. Finnish construction firms' trump card in the competition that is going on for these projects is their long experience in successful cooperation with our Soviet customer and thorough familiarity with local operating conditions.

Paper Views Vayrynen's Charges

Helsinki HELSINGIN SANOMAT in Finnish 11 Sep 86 p 2

[Editorial: "One Should Not Hit Below the Belt"]

[Text] Is the Center Party under the leadership of Foreign Minister Paavo Vayrynen serious in provoking a disagreement within the government over the serious problems of balance in our trade with the Soviet Union?

In Vayrynen's opinion, we have not yet sufficiently realized the magnitude and seriousness of the problems. The criticism is quite clearly aimed at Social Democratic Foreign Trade Minister Jeremu Laine and Prime Minister Kalevi Sorsa, who is chairman of the intergovernmental Economic Commission.

A recent newspaper interview with the prime minister, in which he said he did not believe there would be any dramatic cuts in our trade with the Soviets, moved the Center Party press to accuse Sorsa of underestimating the problems.

Only a few days ago Vayrynen himself said that he believed that all those who are responsible for administering the Soviet trade are doing their best. And now in an interview with the Centrist newspapers the foreign minister has vigorously fired on them and suddenly provoked an outright government crisis.

Beyond a doubt, Vayrynen is unfortunately right when he notes that the big surplus in our trade with the Soviet Union significantly added fuel to the recent speculations on devaluation of the markka and the rise in interest rates. In many quarters it is felt that the reduction in our exports to the Soviet Union has forced our export industries to seek new markets in the West, which may be regarded as too tough a challenge without the impetus provided by a devaluation.

Because of this, Vayrynen comes to the reasonable conclusion that "resolving the problems of the Soviet trade is the quickest and also the most effective way for us to strive for lower and more stable interest rates." Hocus pocus, it's so simple.... However, he fails to say how those problems can be resolved "quickly" and "effectively."

"We must look the facts squarely in the face and reach decisions by means of which we can ensure that trade will progress in the best possible way...." Quite right, but what might these decisions be? The foreign minister himself is well aware that the facts have been long since recognized on both sides. There are no magic solutions.

The present situation is a particularly difficult, but not unique one. From our standpoint, the fact that the Soviet Union has once again assured us that it believes that the problems will be resolved without decisively bargaining over the volume of trade is important.

Broad and genuine unanimity on the key issues of our trade with the Soviets has usually prevailed here among us. It would be especially unfortunate if they should give rise to a completely artificial controversy in the government. It would be politicking in the most disagreeable sense of the word.

SDP Leadership Replies

Helsinki HELSINGIN SANOMAT in Finnish 12 Sep 86 p 6

[Article: "SDP Accuses Vayrynen of Gambling with Relations with the Soviets"]

[Text] In the opinion of the Social Democrats, Center Party chairman Foreign Minister Paavo Vayrynen is placing matters that are too serious at risk. The Social Democrats say that Vayrynen has begun to politick with Finnish-Soviet relations.

On Thursday the SDP [Social Democratic Party] leadership replied to Vayrynen, who had criticized Prime Minister Kalevi Sorsa for having underestimated the problems of balancing trade with the Soviets.

In Vayrynen's interview published by the Centrist newspapers on Wednesday, he gave us to understand that we in Finland have been sitting here with our arms folded without knowing how to tackle the growing surplus in the Soviet trade.

The key posts in the Soviet trade are manned by Social Democrats. Sorsa is the Finnish chairman of the Finnish-Soviet Economic Commission and Foreign Trade Minister Jermu Laine is the vice chairman.

According to Vayrynen, the Soviet balance of trade problem is obviously also the most important reason for the speculations on devaluation and therefore also for high interest rates.

"The accusation is factually untrue and damaging to the interests of our country," the SDP Executive Committee said on Thursday. Meeting in the morning, the Executive Committee engaged in a broad discussion of the matter, the tone of which was described as cool and strained.

"Vayrynen's Race for the Presidency"

"Relations between Finland and the Soviet Union must continuously be built on mutual trust, which is all the more important when we have to settle common problems. These relations must not become the pawn of political efforts for party or personal advantage," they said in the SDP statement.

The SDP quite plainly said that it regarded the Soviet trade operation launched by the Center Party as being part of Vayrynen's campaign for the presidency.

The SDP also pointed out that "efforts to deal with the disturbance of the trade balance caused by the change in the international price of oil are in due course between Finnish and Soviet officials."

Foreign Trade Minister Laine did not want to take a stand on the quarrel between the SDP and the Center Party over the way the Soviet trade is being handled. Having returned from Moscow on the previous night, Laine said that he was "more of a professional minister who advises on trade matters."

"Someone's Need to Tell the Truth"

Vayrynen organized a press conference on Thursday at which he concentrated on giving the news media background information on Soviet trade problems. He did not want to comment on Social Democratic charges that he was damaging the interests of the country and campaigning for the presidency, but he said that he left them to stand on their own merit.

Vayrynen assured us that he has a clean record. "I criticize no one, I accuse no one and I do not threaten them with a government crisis," he said.

The tone of the conference was that the Soviet trade problems had been raised purely out of a sense of patriotic duty: Since no one else had raised the issue, Vayrynen had to do it — at the risk that "one who speaks the truth does not get shelter for the night."

In the Center Party they perhaps view the Soviet trade surplus problem as being worse than ever before. The size of the surplus will lead to considerable cuts in Finnish exports if the problem is not dealt with, Center Party economists say.

Headed by Vayrynen, the Center Party Executive Committee discussed the situation on Thursday morning. They decided to demand that the government during the next few weeks modify its policy line to resolve the Soviet trade problems so that the stable evolution of our exports is also ensured during the latter half of the period of the present general agreement, which ends in 1990.

The Center Party leadership did not want to frighten us with the threat of an immediate government crisis on Thursday. Participating in the meeting, Finance Minister Esko Ollila agreed with Vayrynen's estimates of the seriousness of the situation. Ollila is a member of the Finnish-Soviet Economic Commission.

Other Newspapers Comment

Helsinki HELSINGIN SANOMAT in Finnish 12 Sep 86 p 14

[Editorial roundup]

[Text] Neighbor Not Criticized

The chief organ of the Center Party, SUOMENMAA, explained party chairman Foreign Minister Paavo Vayrynen's reasons for criticizing the handling of our trade with the Soviets. "SUOMEN SOSIALIDEMOKRAATTI has already managed to claim that the discussion of Soviet trade problems might also in some ways strike home at the other partner in this trade. We needn't bear responsibility for this," SUOMENMAA writes.

"Vayrynen's target was this country's government, of which he demands that it find a common determination to resolve the problems. Nor can we get clear of them through inaction or short-sighted solutions. To say that Vayrynen suddenly raised the prospect of a government crisis might be an exaggeration out of self-defense. But it was proper of him to warn us in time that we were on a crisis course."

The newspaper further reminded us that, "in the foreign minister's opinion, a solution to the problems of the Soviet trade is the quickest and most effective way of getting Finland's economy back into shape. From the tone of the interview (he granted to SUOMENMAA), we may judge that the foreign minister is not satisfied with the way the Finns have acted in connection with this."

The newspaper also said that Vayrynen's interview was originally intended as a speech to be made to party officials, but since it was not delivered because he had the flu, the text appeared in SUOMENMAA.

On the Social Democrats' Neck

In the opinion of the independent KOUVOLAN SANOMAT, with his criticism Vayrynen deftly branded the Social Democrats as being chiefly responsible for our present difficulties. "The Social Democrats have appropriated all the most conspicuous posts in the Soviet trade sector.

"His leveling criticism specifically at our trade with the Soviets gives the impression of creating a carefully calculated shock because it is precisely this that appears to give rise to an issue powerful enough to have ramifications on both the parliamentary and the presidential elections.

"Both President Mauno Koivisto and Deputy Chairman Pyotr Demichev of our neighbor nation as well as Prime Minister Kalevi Sorsa, the last-named of whom Vayrynen took to task for his excessive hopefulness because he did not go so far as to pull the former's hair, have expressed optimistic views of this trade.

"If or when we resolve the balance of trade problems, some credit will be due Vayrynen too, credit which he otherwise risks missing out on despite his role as foreign minister. If, on the other hand, the problems continue to plague us, his glory will only shine the brighter for it."

Good Advice Needed

The problems of the Soviet trade are deserving of thorough discussion if only discussants can be found who have something to say, the independent ABO UNDERRATTELSE writes.

A government of which Vayrynen is also a member would be an excellent forum for discussion, the newspaper notes. "If Vayrynen, Ollila and others have introduced constructive proposals for solutions to the Soviet trade crisis and their partners in the government, the SDP and Sorsa in the lead, have refused to take note of their advice, it is understandable why Vayrynen is beginning to talk of the possibility of a government crisis."

During the SUOMENMAA interview, however, Vayrynen did not say any more than that the matter should be handled "in a good and lasting way," ABO UNDERRATTELSE notes.

11,466
CSO: 3617/170

COUNTRY PREPARING TO ACT WITH NORDICS ON SOUTH AFRICA TRADE

Helsinki HELSINGIN SANOMAT in Finnish 5 Aug 86 p 7

[Article: "Finland Would Like UN to Decide on Sanctions Against South Africa. Law Prohibiting Trade Relations Being Prepared in Any Event"]

[Text] Finland wishes that the United Nations would make a decision on economic sanctions against South Africa. Just in case this would not happen, legislation is being drafted at the Ministry of Foreign Affairs which would make it possible to sever Finland's economic relations.

According to Seppo Pietisen, chief of the political section of the Ministry of Foreign Affairs, a decision by the United Nations would make it possible to cut off the trade relations with a decree. It would be a faster and easier method than passing a completely new law in Parliament.

At the beginning of next week, the prime ministers and the foreign ministers of the Nordic countries will have their respective meetings in Denmark to discuss their policies concerning the South African issue.

Finland and Sweden Have Similar Policies

Denmark already has a law cutting off its trade relations with South Africa, and, in October, Norway's parliament will discuss a bill on sanctions.

Sweden and Finland support bringing up the issue at the United Nations.

In the prime ministers' meeting, Sweden's Prime Minister Ingvar Carlsson is expected to propose that Denmark, as a representative of the Nordic countries, would bring up the issue at the Security Council of the United Nations.

According to Pietisen, among other things, the unsatisfactory results coming from England's Prime Minister Sir Geoffrey Howe's trip to South Africa may have made it easier to gain approval of the decision on sanctions at the Security Council.

"It seems that the world is looking at the situation in a different manner," he said on Monday.

According to Pietisen, the issue can be introduced at the Security Council in the near future. He sees no reason to wait until late in the fall.

Just before the Nordic ministers' meetings, Sweden's Foreign Minister Sten Andersson paid a quick visit to Finland. Even though he is here mainly concerning party affairs, he, nevertheless, discussed the South African issues on the phone with Foreign Minister Paavo Vayrynen (Center Party), who is currently vacationing in northern Finland. Andersson will meet Prime Minister Kalevi Sorsa (Soc.-Dem.) on Tuesday.

Finland has gradually tightened its policies against South Africa. At the end of the year, a law became effective prohibiting, among other things, investments in South Africa. The law also makes it possible to issue a decree implementing further sanctions based on decisions of the United Nations.

In June the cabinet appealed to the labor unions proposing a voluntary cut-off of the trade relations with South Africa. A little later, licensing and control of exports and imports became effective.

Trade Collapsed

"Trade as such is no longer worth discussing," speculated Pietisen. He observed that this year the volume of the trade between Finland and South Africa had plummeted by over 90 percent.

He also denied arguments that direct exports were compensated by exports through the neighboring countries.

On Monday Pietisen emphasized, as Foreign Minister Vayrynen had done earlier, that cutting off the trade does not have any particular significance to the South African government. According to them, it would be important to have the big trading partners, England and the United States, involved in the sanctions forcing the government of Pretoria to give up its policy of racial discrimination.

In June the social-democrats requested that an extraordinary meeting of the Nordic foreign ministers would be called due to the South African issue.

Early this summer, a proposal signed by 57 members representatives was submitted to Parliament which would cut off the trade relations. However, the members of Parliament representing the Conservative Party and the Center Party were not among those who signed the proposal.

The Transportation Workers' Union [AKT] has announced a boycott of transportation to South Africa. The union has accused some large companies of going around their boycott.

Swasiland's Chamber of Commerce Denied AKT's Statements

On Monday, Joe Ayton, the chairman of Swasiland's Chamber of Commerce, denied the claims of Finland's Transportation Workers' Union, AKT, according to which goods are being transported to South Africa through Swasiland, Lesotho and Botswana. On Friday AKT extended its boycott of transportation to South Africa

to include three of its neighboring countries: Swasiland, Lesotho and Botswana.

Ayton now fears that Finland's eventual sanctions would be applied also to Swasiland. He said that his country conforms to the regulations of international trade.

The main newspaper of Swasiland, TIMES OF SWASILAND, called AKT's boycott a mistake.

In its editorial, the newspaper gave its support to the government of Swasiland, which is opposed to economic sanctions against South Africa. The paper also said that those speaking in favor of the sanctions want to exploit other people's misery.

In addition to Swasiland, Lesotho and Botswana have refused to join in the trade sanctions against South Africa, since they are very dependent on South African trade and trade routes.

According to observers, those countries could significantly contribute to helping South Africa go around the sanctions. Swasiland and Lesotho are located inside the area of South Africa, and Botswana is one of its neighbors in the north.

12956

CSO: 3617154

SKDL CHAIRMAN HELLE COMMENTS ON PROSPECTS FOR ENTERING CABINET

Helsinki KANSAN UUTiset in Finnish 22 Jul 86 p 6

[Article: "SKDL Chairman Esko Helle: 'Left-Wing Party's Discussion Not Indication of Desire to Enter Cabinet.'"]

[Text] "It is the character of cabinet politics which decides whether or not we will enter the cabinet. Electoral coalitions in the presidential election and ministers' positions are not interdependent."

Esko Helle, chairman of SKDL [Finnish People's Democratic League] denies the claims according to which SKDL were linking their support in the presidential election and entering the cabinet. "Speculations about the cabinet are still very distant and secondary thoughts," Helle states, but he considers it natural that the people's democratic movement, as a left-wing movement, has the desire and also the potential to discuss issues concerning the social policy with the other left-wing party, i.e. SDP [Social-Democratic Party].

"In my interview given to the week-end issue of DEMARI, I meant that eventual attempts to form a coalition in the presidential election need to be discussed. At the moment it seems as if the party's [SDP] own candidate had precedence. SKDL does not yet have any official decisions on the presidential issue."

"Entering the cabinet has not even occurred to me," Helle laughs amused, particularly at the enthusiasm of the non-socialist parties to prove that SKDL is dying to get into the cabinet.

On Friday, he stated in DEMARI's EXTRA that, in the discussions between the left-wing parties, many other issues, besides the presidential election, should be discussed. Yesterday the chairman, who was reached at SKDL's southern Häme district office, emphasized the general social policies, which the left-wing parties should discuss together in order to understand each other better.

Elections and Vayrynen's Attempts

Even though Helle sees some danger in the fact that the presidential election is leaving the parliamentary elections in its shadow, he believes that realistic issues will have the greatest importance in the campaign for the

seats in Parliament. It may happen that Paavo Vayrynen's obsessive desire will surface before the parliamentary elections. However, I hope that the parliamentary elections and the presidential election will not be glued together."

"In the election discussions, it would be much more useful and desirable to address the important social issues, such as unemployment or the rise in costs of living brought about by the energy tax, than the tactical maneuvers on behalf of some individual," Helle emphasizes.

Helle's predecessor, Kalevi Kivisto, has speculated on the campaign of Vayrynen for President, which was initiated with such fuss. In an interview given to VIIKKOLEHTI [Weekly Paper] of KANSAN UUTISET, he notes that Vayrynen's introduction of his new people's front has taken off from its tactical starting points. This tactic may also prove to be its weakness, speculated Kivisto.

According to him, Vayrynen's speculations about the cabinet cooperation between the Center Party and the Conservative Party may prove to be unsuccessful if the people's democratic movement can collect its forces. "Then SKDL cannot be excluded from the people's front," says Governor Kivist in VIIKKOLEHTI.

Kivisto hopes for a modern left-wing, i.e. that the people's democratic movement would be made into a movement which would promote the socialist ideals irrespective of the person's social status.

"New People's Front"

Paavo Vayrynen's public attempts to find his way into the presidential palace were initiated in the middle of June when he had himself elected as the Center Party's presidential candidate. The tactic that was chosen was to attract, in the name of the so-called "New People's Front," the unorganized right-wing groups to support him. The first phase on the way to the neighborhood of the Market Place [president's residence] is to make Paavo into the Prime Minister after the parliamentary elections next spring.

"In addition to the Center Party and the miniparties of the center, the "New People's Front" would accept the Conservatives and possibly also the Social-Democrats. Thus he would smoothly reject the actual people's front, which was based on the cooperation of the left-wing and the center. After this, Paavo would appoint himself the new Kekkonen.

Some time ago, Aarne Saarinen, the previous chairman of SKP [Finland's Communist Party], called Vayrynen's desires childish and crazy. According to him, there are certainly also other political climbers in our country but, among them all, Vayrynen is the most transparent, obvious, unabashed and unscrupulous.

12956

CSO: 3617/154

MINORITY CP PAPER ON FINLAND'S TIES WITH EUROPEAN COMMUNITY

Helsinki TIEDONANTAJA in Finnish 22 Jul 86 p 2

[Editorial: "Finland and the European Council"]

[Text] During the past few months, there have been discussions in the right-wing press about the campaign to have Finland join the European Council. The enthusiasm is even more noticeable, since, even after considerable efforts, the spokesmen for such an association have not been able to prove what advantage the membership in the European Council would bring to Finland.

Associating Finland with the European Council is justified mainly with two factors: Finns should be educated in human rights issues and our image in the world would be enhanced if we joined this West-European organization.

The European Council was established in the days of the cold war, in 1949. Its aim was to join the West-European countries on the basis of common ideals and their western cultural heritage. In the background was Winston Churchill's idea of the United States of Europe, which would restore the position the West-European superpowers had lost as the leading countries in the world.

From the very beginning, the organization opposed the "threat of spreading communism" coming from the East-European socialist countries which were born after the war.

In the years afterward, the nature of the European Council has changed, as other organizations have been created to implement the economic, political and military cooperation between the West-European countries. Today it mainly focuses on culture, science and the so-called human rights issues.

However, the political nature of the European Council has not changed. It still excludes the socialist countries of Europe. Only a little over ten years ago the West-European communists were banned from the organization. The voting rights in the European Council are still based on the population. Therefore, it is naive to believe that Finland could substantially influence the organization from "inside."

Also, Finland hardly needs the instructions of the European Council when solving the problems of human rights, as experienced as the member countries are in solving these problems. Besides, our country is already involved in the work of the organization; according to some estimates, it has participated in over a half of the activities of the organization since 1979 and, within the last few years, the activity has increased.

Once again, the main reason which remains is "Finland's image in the west." To emphasize that, a map is shown on which Finland has been presented as an East-European country since it does not belong to the Council.

In Finland, the right-wing press reacts to references to finlandization with such sensitivity that information about it has certainly reached far. It is fun to scare somebody who already is scared. The talk about finlandization will hardly end, no matter how much Finland would try to please the west.

Finland's decisions on foreign policy are watched also in other parts of the world, not only in the west. Finland has traditionally tried to stay outside such international organizations which are based on the idea of dividing the world into blocks. Being associated with the West-European countries' economic organizations based on discrimination, such as EFTA, EEC, space organization, ESA, and the Eureka Project violate this principle. Attempts have been made to explain these decisions with economic necessity. Joining the European Council would be a purely political demonstration.

Also the timing of the introduction of the project shows either inability to implement, or desire to change, Finland's traditional platform in foreign policy issues. As we know, this spring the Soviet Union has made numerous important initiatives, at the base of which there is a need to join the forces of the European countries in all areas of international cooperation to promote peace and detente. They have aimed at breaking the 'blocks' and the borders which have become too tight for international cooperation which is based on discrimination.

Finland has reacted rather slowly, if at all, to these initiatives, as much as it would seem to be in the interest of our country to break the blocks. On the contrary, the right-wing press now challenges Finland to respond to these initiatives by joining one the organizations supporting this bisection of Europe. Adapting Paasikivi, a bow to the west would be more than showing the ass to the east, if this advice is heeded.

12956

CSO: 3617/154

VEIKKO VENNAMO QUILS PARLIAMENTARY GROUP, PARTY PAPER COLUMN

Helsinki HELSINGIN SANOMAT in Finnish 24 Jul 86 p 8

[Text] Veikko Vennamo Quit Parliamentary Group and Paper. The regular column, "Veikon Vinkkelista" [From Veikko's Point of View], of Veikko Vennamo, the honorary chairman of the Finnish Rural Party [SMP], does not appear today in the party's paper SUOMEN UUTISET. Veikko Vennamo has announced that he will quit contributing to SUOMEN UUTISET for the time being.

Giving up the column is another indication of the fact that Vennamo, the father, who has been publicly criticized by his son, truly seems to be going to give up the position of the party's shadow leader.

Also, Veikko Vennamo has not been acting as the chairman of the party's parliamentary group after his announcement last week that he will resign from this position. The invitation to the parliamentary group's extraordinary meeting next Wednesday had been signed by the group's vice chairman J. Juhani Korttesalmi.

Veikko Vennamo said that he would resign in order to save SMP, after the party's chairman, Pekka Vennamo, threatened to resign as a protest to his father's interfering with the leadership of the party. Pekka Vennamo accused his father of irresponsible individual acts and of establishing a shadow party leadership based on the parliamentary group.

Veikko Vennamo was expected to respond to his son's accusations in this week's issue of the party newspaper, SUOMEN UUTISET, but his regularly published column of comments, called "Veikon Vinkkelista," did not appear.

Veikko Vennamo, who is offended, has informed the delegation of the party's parliamentary group, which he leads, that he will not contribute to SUOMEN UUTISET for the time being.

Pekka Vennamo's "Puheenjohtajan palsta" [Chairman's Column] appears, as usual, in this week's issue of SUOMEN UUTISET, but it does not contribute anything new to the discussion of his party's problems concerning the generation change.

SMP's parliamentary group will discuss the chairmanship situation in its extraordinary meeting scheduled for next week, but it is not likely that the group's new leadership will be elected during it, speculate SMP sources.

The party chairman will be elected in the convention in Jyvaskyla from 8-10 August.

12956

CSO: 3617/151

SIGNING OF DICA, SOFA AGREEMENTS ANTICIPATED

Athens I KATHIMERINI in Greek 21-22 Sep 86 p 1

/Article by Nikos Simos/

/Text/ In accordance with developments evolving in Greek-American relations, Prime Minister A. Papandreou is scheduled to meet with American President Ronald Reagan in the spring of 1987. This reliable assessment comes from diplomatic circles in Athens which believe that the invitation to Mr Papandreou will be delivered next November to Minister of Foreign Affairs K. Papoulias by Mr George Schultz during their scheduled meeting. This meeting will constitute the culmination for the signing in the American capital by Mr Papoulias of the Defense and Industrial Cooperation Agreement (DICA) and the Status of Forces Agreement (SOFA).

The signing of these agreements a few days later (i.e. instead of the end of October) than originally mentioned by I KATHIMERINI last Sunday was judged necessary in having the same festive air maintained at the foreign ministerial level as that at the signing by the heads of the two technocratic delegations. In this way the intention of the Greek side to maintain defense cooperation of the two countries through the operation of the American bases in Greece is confirmed in a most official manner, something that would permit Washington to issue its celebrated invitation.

According to this new information, the American delegation that will arrive in the middle or last 10 days of October will have as its purpose talking with Greek officials about a final working out of the agreements on the basis of the up-to-now negotiations, while the agreements themselves are scheduled to be signed on 16 November.

What is of special interest is that the military delegation that was in Athens for about 2 weeks did not negotiate the last hitches in the agreement on defense and industrial cooperation despite the fact that it visited defense industry plants.

A basic reason for the visit by the American military delegation that was concealed by the government --at the same time letting the impression spread that the delegation had come to Greece for the DICA-- is the purchase by Greece of 14-20 American A-7 bomber aircraft. However, the government wants to make these new bids appear as a Greek procurement within the context of industrial cooperation and the offset benefits deriving from the purchase of the F-16 aircraft. In reality, however,

these aircraft will be paid for through military loans from the FMS /Foreign Military Sales/ on favorable terms.

It is also noted that the government has become interested in the purchase of 14 American bombers to replace an equal number of A-7 aircraft that were lost between 1975 and now. On the other hand, Washington insists on selling Athens 20 of these aircraft.

While Greek-American cooperation is developing normally with the result that all the ensuing benefits are being assured at a time when the government is looking for a "life buoy," Prime Minister Papandreou is being faced with the following dilemma:

On the one hand to meet with success with respect to the Reagan invitation that would strengthen his position and on the other hand to politically exploit Washington's desire to have the renewal of the bases agreement signed by the PASOK government.

This latter goal is being tendered as a means of exerting pressure to obtain the greatest possible benefit from the renewal of the agreement. On the other hand, however, these possibilities are being delimited by the conditions which Washington seems to have set, in view of having the Papandreou-Reagan meeting realized.

With these evaluations as a basis and keeping in mind that Mr Papandreou intends to manipulate the situation politically with the object being the American facilities in our country, political circles have pointed out the need for a change in ND's opposition tactics on the issue of Greek-American relations as shaped by the government's relative policy.

Specifically, these circles maintain that it is not good for the substance of this criticism to be centered on the fact that relations of the Greek and American governments are drawing closer and the government's untrustworthiness is growing compared to what PASOK had maintained in the past. On the contrary, the bases agreement per se that PASOK had signed is proposed for strong government opposition criticism that would divulge the dependent nature of the agreements since a mere comparison either with the initialed 1977 agreement or that drafted by the Rallis government shows that the latter safeguarded national interests in a most indisputable manner and secured truly equal cooperation. An "advantage" that was missing from the insincere agreement for the withdrawal of the bases and which certainly cannot be secured in the new agreement which Mr A. Papandreou will be called on to sign under the pressures of the well-known needs.

5671

CSO: 3521/9

INUIT ATTENDANCE AT POLAR CONFERENCE REJECTED BY USSR

Copenhagen LAND OG FOLK in Danish 22 Jul 86 p 2

[Article by RB/LF: "Soviets Will Not Attend Inuit-Conference"]

[Text] The approximately 1,500 Inuits (Eskimos) do not want to be represented at the general assembly of the Inuit Circumpolar Conference (ICC) which will begin in Kotzebue in Alaska one week from now, said a spokesman for the Soviet Embassy in Copenhagen on Monday.

The refusal has been reported to Arqaluk Lynge, member of the Greenlandic government, who is a vice president of ICC.

Attend Next Time

The ICC represents inuit in Greenland, Canada and Alaska in a series of international affairs and is affiliated with the United Nations as a "Non-Governmental Organization," NGO.

The president of the organization, Hans-Pavia Rosing, member of government, said in a telephone conversation from Kangerlussuaq (Sondre Stromfjord) on Monday that it is "tragic and regrettable" that the Soviet Union once again will not be represented at a general assembly.

Hans-Pavia Rosing said that he had hoped for participation of an observer from Siberia, and that ICC in general is prepared to let their Siberian cousins participate in the way and to the extent they themselves decide.

The regrets to this year's general assembly do not surprise him, although Arqaluk Lynge returned with more positive news after a visit to Moscow earlier in the year.

Lynge reported at that time that he had been informed through sources in the Soviet Central Committee that the Soviet Inuit would be represented.

"During the last couple of weeks, the signals have been less positive," said the ICC president.

"On the other hand, I understand that there are positive feelings from the Soviet side for Siberian participation in the general assembly in Greenland 3 years from now.

The Ice Is Broken

The organization ICC which represents the Eskimo populations in Greenland, Canada and Alaska first invited the Soviet cousins in connection with the founding meeting of the organization in 1977.

Since then they have been invited to the general assembly that was held in Nuuk in Greenland 1980 and in Frobisher Bay, Canada, 1983. The refusal to attend 3 years ago was given on the grounds that too much importance was put on the political aspect and too little on the cultural aspect.

The Soviet Embassy did not choose to disclose the reason for the last rejection.

A group of five Soviet Inuits returned home on Thursday after having participated in the annual Greenlandic culture and music convention Aasivik which was held in a settlement in Upernavik in North Greenland. This visit was the first official contact between the Soviet Inuit and their Greenlandic cousins in recent times--and according to both parties it was extremely positive.

9583

CSO:3613/182

PAPERS, POLITICIANS DISCUSS DISPUTE WITH U.S. OVER WHALING

Conservative Paper Reviews Problem

Reykjavik MORGUNBLADID in Icelandic 6 Aug 86 p 32

[Editorial: "Negotiations with the Americans"]

[Text] The Icelandic committee of diplomats under the leadership of Halldor Asgrimsson, minister of fisheries, did not spend much time in discussion with U.S. representatives concerning the future of whaling for scientific purposes here in Icelandic waters. It is intrinsically amazing that an Icelandic minister would have to travel to the capital of the United States for the purpose of discussing Icelandic whaling. These fisheries do not affect the American economy in any way. The reason for this, as is well known, is that under American law, the authorities in that country are required to impose economic sanctions against nations which violate the agreements of the International Council on Whaling. About a week ago it seemed likely that the American secretary of commerce was going to send a complaint to the president of the United States. If the president were to take a complaint like this seriously, he could, for instance, decide to impose a tariff on Icelandic marine products.

By sending the minister of fisheries to Washington, our government has condoned the notion that it is necessary to negotiate with the American authorities concerning whaling for scientific purposes. The Icelanders have thus put themselves into a category along with other whaling nations like Japan, South Korea and Norway. Japan has already agreed with the United States to stop whaling. This agreement is referred to in the most recent decision of the Supreme Court in the U.S., in which the court came to the conclusion that the U.S. secretary of commerce is not empowered to make complaints himself, but that he is obligated to report whaling nations directly to the president, regardless of the situation.

It was announced yesterday that Ronald Reagan, the president of the United States, had not intended to initiate economic sanctions against the Norwegians, but had come eventually to that decision, since they had violated the agreements of the International Council on Whaling. In the message that the president sent to the U. S. Congress on Monday, it says that the decision to punish the Norwegians does not stem from their plans to hunt whales for

profit after the end of the 1987 fishing season, since that is clearly allowed under the agreements of the International Council on Whaling.

The situation here in Iceland is different from Japan and Norway because we do not fish for whales in order to make a profit from them, but rather to study their behavior, and we do it under the protection of the agreements of the International Council on Whaling. The Americans are touchy about how many whales we catch and what quantity of whale by-products are sold abroad.

One could debate whether there was sufficient reason to send the minister of fisheries to the discussions in Washington. It may be that our economic interests would have been better served by seeing if Ronald Reagan would have been prepared to impose economic handicaps on Icelandic exporters as a result of disagreements over a few whales and a few tons of whale meat. If the president of the United States were to take such steps against Iceland, it would be an entirely unique case. He recently said the following concerning economic sanctions against South Africa--which is an entirely different case, both by virtue of the nature of the issue involved, and the political pressure imposed domestically and in the international arena: "Sanctions make our American flexibility count for naught; they make it impossible for us to apply political pressure, and only make a bad situation into a worse one."

Our government chose to extend the ban on whaling, and to negotiate with the American authorities. We hope that a fortuitous mutual agreement on the whaling issue will be reached in the negotiations in Washington. Lengthy fighting over issues like this only makes them like rotten fruit, which spoils everything it touches.

Fisheries Minister Explains Issue

Reykjavik MORGUNBLADID in Icelandic 8 Aug 86 p 12

[Article: "This Ensures the Continuation of Our Research Plans"]

[Text] Fisheries Minister Halldor Asgrimsson said at a press conference yesterday that he had been assured that the U.S. secretary of commerce would not press charges addressed to the president of the United States saying that the Icelanders had been declared violators of the agreements of the International Council on Whaling. At the press conference, Asgrimsson presented the government's statement on this issue, drawn up last Tuesday. The gist of it is that 120 whales will be hunted, but only 49 percent of their by-products sold abroad, as was outlined in yesterday's MORGUNBLADID. This will apply to the whale meat itself, on the one hand, as well as whale oil and bone meal, on the other hand. Whaling is expected to re-commence after the seventeenth of this month.

In the government's statement, it says that the government thinks that our agenda concerning whaling for scientific purposes has always been entirely in harmony with the agreements of the International Council on Whaling. However, the disagreements between the Icelandic and the U.S. authorities have concerned the interpretation of the agreements drawn up last June by the International Council on Whaling, on whaling for scientific purposes, in which

it says that all whale meat, as well as all by-products, should primarily be consumed domestically. The Icelandic authorities interpreted this to mean that domestic consumption should be encouraged, but that exportation was hardly to be limited, or excluded as an option. The U.S. authorities, on the other hand, interpreted it to mean that less than half of all whale meat should be exported, and less than half of all by-products.

Halldor Asgrimsson said at the press conference yesterday that he would have preferred, of course, to have followed the original plans, but had decided not to do so in order to ensure that we Icelanders would not be accused of not honoring the decisions of the International Council on Whaling, and in order to avoid further accidents. Above all, he had intended to ensure the continuation of our research plans. He feels that that goal has been achieved.

Asgrimsson said that he thought that it would be possible to have 51 percent of all by-products consumed abroad. Increased consumption of whale meat, as well as a higher proportion of bone meal in animal fodder, were both feasible. However, this aspect of the issue needed to be re-examined, which would be done soon. In the agreement between Hvalur, Inc., and the government, it is stated that the profits will be put into a fund which will be used for the continuation of scientific research. If there are losses, however, Hvalur, Inc., will have to bear the costs. Asgrimsson was asked whether changes in sales trends would result in any changes in this agreement. He stressed that the financial aspects had not been evaluated as they should have been, but said that it seemed to him that there was nothing unnatural in having the government participate in bearing the costs of fishing for purposes of scientific research.

According to Kristjan Loftsson, president of Hvalur, Inc., only a very small amount of whale by-products has been sold domestically in recent years. Less than ten percent of the whale meat comes onto the market here in Iceland, and practically none of the oil or bone meal.

PHOTO CAPTION: Fisheries Minister Halldor Asgrimsson explains the government's agreement on the whaling issue to reporters.

Social Democrat Leader Comments

Reykjavik MORGUNBLADID in Icelandic 8 Aug 86 p 12

[Article: "'This Agreement is the Least of the Evils:' Hannibalsson Casts Doubts on the Fisheries Ministry's English Expertise"]

[Text] "The way things have happened, I think that there have only been three alternatives for the Icelandic authorities. None of them have been good, but one was the least bad of the three; the Americans are expected to agree to it," said Jon Baldvin Hannibalsson, chairman of the Social Democratic Party, in an interview with MORGUNBLADID yesterday.

"The first alternative would have been to stick to our guns and let the threats from the Americans rush past our ears like so much wind. The result

of this, however, would have been that we would have lost our market in Japan, which would have made all our whaling purposeless.

"The second alternative would have been to begin the negotiations with the Americans by offering a decrease in whaling for scientific purposes. That would definitely have lost us the chess-game. It would also have looked more like a political defeat, if we had had to deviate from our plans to hunt whales for scientific purposes.

"The third alternative, the one which was chosen, was to stick to our guns in the whaling itself, and to limit the arguments to the interpretation of the conditions affecting the consumption of up to one-half of the by-products domestically. To tell the truth, the text of the agreement that was drawn up at the meeting of the International Council on Whaling at Malmo was not clear on that point. The argument seems to have arisen, after all this, out of the poor English expertise of the Fisheries Ministry staff. I think we ought to get the NATO defense force involved in this increased consumption program. Whale meat is healthier for you than hamburgers, which are about the unhealthiest thing there is."

Hannibalsson said, on the other hand, that he thought that this agreement sent us back some ten to fifteen years in time relative to whale consumption, back when we began to use whale products more for animal fodder instead of human food. Seen from this angle, this agreement was a defeat; but in other ways, it was the best alternative.

"However, Halldor Asgrimsson owes us an explanation of the statements he made at the end of the meeting of the International Council on Whaling, when he said that we had won a victory--at a meeting where all the parties seemed to be in genuine disagreement regarding the interpretation of the agreement."

Hannibalsson also said, "The lesson, however, that we can draw from this experience, is that we need to get ready to hold a harder line in our negotiations with the United States: for example, in connection with the Rainbow Navigation sailings, our dealings with the defense force and our security in international trade."

Foreign Affairs Committee Chairman Comments

Reykjavik MORGUNBLADID in Icelandic 8 Aug 86 p 2

[Article: "I Expect We Will Be Whaling Forever"]

[Text] "I am very pleased with this solution, and I find it very fortuitous," said Eyjolfur Konrad Jonsson, chairman of the foreign affairs committee, when MORGUNBLADID asked him his opinion on the solution of the whaling controversy between Icelandic and U.S. authorities.

"I am hoping that this solution will be long-lasting, and I am hoping that we Icelanders will be able to go on whaling, without being threatened in any way--perhaps alone among nations, since we acted honorably on the issue," Jonsson said.

He said that he did not think that environmental protection organizations would be able to do anything to prevent Icelandic whaling, despite their passionate opposition to the conclusions of the negotiations of Halldor Asgrimsson, minister of fisheries, and Malcolm Baldrige, the American secretary of commerce.

"If we continue to act wisely on this issue, we ought to be able to keep on whaling forever," Eyjolfur Konrad Jonsson said in conclusion.

Women's List MP Comments

Reykjavik MORGUNBLADID in Icelandic 9 Aug 86 p 26

[Article: "Gudrun Agnarsdottir, Women's List, on Whaling Issue: 'Icelanders Will Not Forget This Treatment By the Americans'"]

[Text] "The decision of the government seems to me to have been the least bad alternative for us, in the situation that we were in. It is unpleasant to have to come to terms with American arrogance; but we have to remember that great economic resources are at stake. This agreement, however, does not change the fact that there are many questions which remain unanswered, and the fact that we have in no way gotten to the bottom of this issue," said Gudrun Agnarsdottir, Women's List MP, concerning the agreement made by the government on the whaling issue.

Agnardottir said that there was great uncertainty regarding our continued trade with Japan, and that no one knew what effect the influence of the peace movement would have on the issue. "Besides this, I think that it is intolerable that most of the by-products have to go for animal fodder and lubricants. And afterwards the by-products will have to be re-classified again; this was the precise issue that we shipwrecked on in the first place," Agnarsdottir said.

Agnarsdottir said that the behavior of the Americans throughout this entire episode had been intolerable. "The Americans are going to have to understand that we Icelanders will not forget this arrogant treatment. The Americans have no right to make themselves into policemen, to ensure that we Icelanders exhibit appropriate behavior relative to the life found in our ocean, on which our very existence depends. Although we are small, we are an independent nation with our own personal dignity, and we cannot accept such threats and treatment without it having some effect on our behavior towards the United States," said Gudrun Agnarsdottir.

Columnist on Leftists' Reactions

Reykjavik MORGUNBLADID in Icelandic 9 Aug 86 p 9

[Commentary by 'Staksteinar': "Whales and Capital"]

[Text] In the light of the inconsistencies expressed by the People's Alliance and THJODVILJINN on the whaling issue, today's "Staksteinar" prints verbatim

the statements of Gudrun Helgadóttir, MP, concerning the agreement between the Americans and the Icelanders on this issue. The second half of the article is devoted to the comments of Fridrik Sophusson, vice-chairman of the Independence Party, concerning possible foreign venture capital in the Icelandic banking system.

"Ignorance, Stupidity and Pettiness"

Gudrun Helgadóttir, People's Alliance MP, was quoted as follows in THJODVILJINN, regarding the arguments between Americans and Icelanders concerning whaling in Icelandic waters:

"Of course this is not the end of this issue. This issue is a schoolbook example of the ignorance, stupidity and pettiness of Icelandic politicians. We are not talking about warfare between the Americans and the Icelanders here. The Americans are acting in accordance with self-evident conditions of American law which concern international agreements regarding the preservation of animal resources in the realm of the sea.

"Icelandic whaling activities for scientific purposes were brought into question by the research committee of the International Council on Whaling, and scientists from all over the world seriously questioned the research value of Icelandic scientific studies. They said that there was no need whatsoever to kill the number of animals that our plans had made provision for. The pettiness shown by Icelanders in this matter is indicated by the fact that, above all else, the goal was set to keep Kristjan Loftsson's firm operating. It was already clear by November of last year that the Americans would feel obligated to protest these whaling activities, and also that the Japanese would not be buying the by-products.

Kristjan Loftsson, Inc., drew up an agreement with the government that all of the economic risks involved would be covered by the firm. It is therefore a shock to see the minister of fisheries mention the possibility of the government stepping in to help. The entire Icelandic nation ought to protest this. Since we are talking about a natural resource which may be in danger, the responsibilities of the politicians and the scientists ought to be equal. The politicians made the decision to ban whaling from 1986 to 1990, on account of the fear of extinction. We ought to stay with that decision. I see it as my part to explain their responsibility to the scientists, who are now playing political games, against their own better judgement."

Foreign Venture Capital

One-fourth of our export income [misprint? missing line?] of total loans by May of last year. The owners of all this foreign capital in our nation are currently paying the payments and the interest from the foreign debts. These funds cannot be exchanged for a crew to man our ship of state. Foreign debts, along with investments which do not show profits, are among the most prominent factors making our standard of living lower than that in most of the world's developed countries.

Foreign capital, on the other hand, is necessary for the building up of employment, partially because of the insufficiency of domestic savings. Foreign repeat loans in Icelandic business banks and savings and loans have

amounted to 27.3 percent (of savings), which make up our long-term foreign loans, short-term loans and repeat loans, and which take in all of their profits high and dry, with Icelandic banks or the Icelandic government bearing the responsibility. For this reason more and more people are realizing that it would be the right thing to grant foreign venture capital an an inroad to participation in the building up of Icelandic employment, just as is currently done in nations which provide their inhabitants with the best possible standards of living.

Fridrik Sophusson, the vice-chairman of the Independence Party, said recently, when he was asked on National Radio about possible changes in the Icelandic banking system, that foreign investment capital would be coming to the forefront as a factor in these possible changes--for example, if independently-owned banks were to purchase one of our government banks. The vice-chairman said that most of the Independence Party members were in agreement that foreign venture capital should be brought into the country. In his opinion, it was nothing to be surprised at that this might happen with banks just as with other businesses. However, changes would have to be made in our laws.

Foreign venture capital played a role in the development of our Icelandic fisheries early in this century. There were foreign partners involved, for instance, in the development of our herring fisheries, salt herring production, and herring processing up through the turn of the century, who risked their capital in their own businesses here in Iceland, businesses which in the course of time passed into Icelandic hands. Foreign venture capital is a prominent feature in the development of better employment and better living standards in many places in the world--in Denmark, Norway and Sweden, for example.

It is worth noticing that the people who complain the most about the low standard of living here in Iceland are precisely those who hold most stubbornly onto the narrowness of mind which is the main cause of it.

9584

CSO:3625/45

COLUMNIST ASKS IF PEOPLE'S ALLIANCE HEADED TOWARD SPLIT

Reykjavik MORGUNBLADID in Icelandic 12 Jun 86 p 4

[Commentary by Halldor Halldorsson: "Editor Svavar Gestsson"]

[Text] Icelandic Overview

Palace revolution in THJODVILJINN. Is the People's Alliance splitting into two factions? The party owners are strengthening their position. What will Olafur Ragnar Grimsson and the THJODVILJINN group do?

Once again, tremors are shaking the People's Alliance. Opposite powers have begun to fight again after peaceful spring days when the People's Alliance held its national congress this winter. At the congress, there were conflicts between younger party members, the so-called democratic generation which is especially connected with THJODVILJINN, and labor leaders, party owners and Stalinists of all ages.

Former THJODVILJINN Editor Kjartan Olafsson was on the publishing board of THJODVILJINN but he was not a candidate now. This causes problems because Kjartan Olafsson was the mediator and arbitrator within the publishing board, as well as the People's Alliance. Kjartan Olafsson was one of the main people preventing that everything would not go haywire at the People's Alliance National Congress last fall. He was even interviewed about this matter in HP [HELGARPOSTURINN] after the national congress. One of the persons interviewed by HP thinks that it shows that Kjartan Olafsson was very pleased about how he succeeded in calming the waters and appeasing opposite powers. Olafsson also leaned more toward the democratic group in order to maintain balance on the publishing board. With the election of Alfheidur Ingadottir in Olafsson's place, this balance is now gone.

It is in fact simplification to tie the democratic powers on to the THJODVILJINN, because behind the unrest at that time as well as now is a considerable difference of opinion about suitable leaders for the People's Alliance.

For simplification, it is possible to explain the situation by saying that Asmundur Stefansson, chairman of ASI [Iceland Federation of Labor]; Throstur Olafsson, managing director of Dagsbrun [Reykjavik General and Transport Workers Union]; Ingi R. Helgason and such people, are waging holy war with

Oskar Gudmundsson, THJODVILJINN editorial representative; Ossur Skarphedinsson, editor; Kristin Olafsdottir, deputy chairman of the party and others because of different positions on the wage affairs' policy the party is supposed to pursue, as well as the total party profile.

The first mentioned group has great difficulties in adjusting to the fact that Oskar Gudmundsson and Ossur Skarphedinsson can have free hands in writing about the wage agreements which the labor leaders have endorsed. They cannot tolerate that their organ, THJODVILJINN, will not matter of factly endorse the agreements as well.

This is what Oskar Gudmundsson and Ossur Skarphedinsson have not done-just the opposite. They have written articles harshly critical of the latest wage agreements. That must not happen again. The reason is simply that the labor arm aims at achieving similar agreements as last time; and most recently, Throstur Olafsson is quoted as saying that it will not be possible to defend the benefit from such a wage agreement unless a new government would be formed.

That is why Asmundur Stefansson and his cronies are preparing a palace revolution on THJODVILJINN. Most of all, they would like to get rid of Ossur Skarphedinsson but they realize that that could be too much of a shock. The plan is therefore to sacrifice Oskar Gudmundsson.

The plan goes on to add a third editor on the publishing board whose only job would be to check up on Ossur Skarphedinsson.

This part of the plan was launched on Wednesday morning. That is when Ossur Skarphedinsson was told that it had been decided that Svavar Gestsson would join him as a political editor.

In the beginning, the plan of people such as Asmundur Stefansson, Helgi Gudmundsson and Adda Bara Sigfusdottir was to fire Ossur Skarphedinsson, but on second thought that was not felt too be such a sound idea.

Other candidates for the editorial post were Helgi Gudmundsson and Alfheidur Ingadottir.

People within the People's Alliance do not understand at all why Svavar Gestsson is accepting the editorial post. One theory is that Asmundur Stefansson tricked Svavar into it and is now gloating over the fact that Svavar Gestsson made a blunder.

And that brings us to a factor that has not been mentioned before but is perhaps the most important factor in this whole game.

There is a man called Olafur Ragnar Grimsson. He has been behind and supported the so-called democratic generation, and in particular Ossur Skarphedinsson and Oskar Gudmundsson as his men at THJODVILJINN, and he supported Kristin Olafsdottir in the election for deputy chairman at the national congress. It will be called to mind that Oskar Gudmundsson was an Olafur Ragnar Grimsson candidate for the editorial post at the time when Ossur

Skarphedinsson got the job.

It must not be forgotten either that among many People's Alliance members it is comparable with treason to go against the leadership as has been happening recently. Olafur Ragnar Grimsson supported Kristin Olafsdottir as chairman of the editorial board against Svavar Gestsson who is the chairman.

This is how these forces are pulling against each other for power and domination in the party, and in fact, the fight is crystallized in conflict about THJODVILJINN. It is no accident that the conflict mainly evolves around THJODVILJINN. It is probably the party's strongest power institution. THJODVILJINN as the voice of leading powers in the party is the crux of the matter; not necessarily handling of individual issues, such as the labor affairs.

Then we get to Chairman Svavar Gestsson. In the beginning, he tried to stick with the safe middle road. Now he has leaned towards the party owners and the deciding factor in that is his fear, and also the fear of many others, of the popularity of Olafur Ragnar Grimsson within the party in the primaries for the next parliamentary elections.

Up to now, Olafur Ragnar Grimsson has been content with the world as his political arena. But after the famed publishing board meeting following the elections when Ingi R. Helgason and Asmundur Stefansson prevented Ragnar Arnalds, chairman of the party's parliamentary group, from getting on the THJODVILJINN Publishing Board, it is expected that Olafur Ragnar will take to arms. In fact, some people say that he has already begun to unpack the guns and they quote an article which Olafur Ragnar Grimsson published in THJODVILJINN as a response to Asmundur Stefansson's accusations of Ossur Skarphedinsson because of the paper's news reporting on the meeting of the publishing board. In his article, Grimsson reported in detail on all the negotiation scheming that took place at that meeting; moreover, he did it with nasty accuracy.

It was, among other things, clear from Grimsson's report, that the power hunger of the party owners is great and that they feel that the position of Crown Princess Alfheidur Ingadottir should be of higher esteem.

But now, in fact, a bomb has been dropped on the THJODVILJINN editorial board, and people who were interviewed by HELGARPOSTURINN feel that the consequences will be felt everywhere in the party for a long time to come, and there is every indication that there will be a bloody war.

It is, for example, considered certain that now the People's Alliance has closed the door on a conceivable cooperation with the democrats. Now Jon Baldvin [Hannibalsson, chairman of the Social Democratic Party] can laugh and say that now there is no possible way to unite the social powers in cooperating with the People's Alliance. The reason is that they have not changed at all.

Jon Baldvin [Hannibalsson] could, for example, point out that the newly elected auditors for THJODVILJINN are none other than the old fogies Ingi R. Helgason and Einar Olgeirsson.

9583

CSO:3626/39

PEOPLE'S ALLIANCE INTERNAL STRIFE CENTERS AROUND CHAIRMAN

Battle for Newspaper Control

Reykjavik MORGUNBLADID in Icelandic 17 Jun 86 p 2

[Article: "Svavar Gestsson Not a THJODVILJINN Editor"]

[Text] Compromise to Hire a Third Editor by Fall

The conclusion of the first meeting of the THJODVILJINN Publishing Board yesterday was to decide to entrust the newly elected chairman of the publishing board, Ragnar Arnason, and the THJODVILJINN editors, Ossur Skarphedinsson and Arni Bergmann, to look for a third man who would receive an overall approval to fill the editorial seat at THJODVILJINN. This third editor would begin work in the fall. People's Alliance Chairman Svavar Gestsson announced at the meeting that he would not be able to accept the editorial post because of his demanding commitments as chairman.

According to MORGUNBLADID sources, there was great conflict about this issue last weekend, and the compromise mentioned above was not reached until early yesterday morning. All parties involved are said to be in agreement with this conclusion, and the people who have contemplated resigning from their jobs at the paper recently have now abandoned all such thoughts except for Oskar Gudmundsson, editorial representative, who had decided to quit his work at THJODVILJINN this summer.

People's Alliance Chairman Svavar Gestsson submitted a protocol at the meeting yesterday in which it is stated, among other things: "In debates about a THJODVILJINN editor in the past days, my name has been mentioned, for example, in the mass media. The reason is that numerous members in the party and on the publishing board have been searching for a person to fill the third editorial seat at the paper. It is clear from interviews, that the majority of the publishing board categorically urges me to take on the editorial job...My demanding commitments as chairman of the party do not make it possible for me at this time to accept the challenge."

Gestsson was asked yesterday whether he would remain on the list of editors when the discussions of hiring an editor resume in the fall. "I don't think so. By fall, the time until the parliamentary elections will be less and work

will increase even more. I do therefore consider it less likely that my name will be included in that debate."

Gestsson was asked whether he considered this a good solution of the matter: "It is one of the duties of the chairmen of political parties to solve problems; and I feel that in this case it was successful and I am pleased with that."

Ossur Skarphedinsson, editor of THJODVILJINN, said after the meeting yesterday: "I am very pleased with this outcome; I will be quite satisfied if we succeed in finding a good man in the editorial seat next to me and Arni [Bergmann]."

Ludvik Geirsson, reporter for THJODVILJINN, said in a conversation with MORGUNBLADID yesterday: "It seems to me that the people on the THJODVILJINN Editorial Board are quite happy with this outcome and that this is a solution that everybody can accept."

Geirsson was asked whether the THJODVILJINN reporters looked at Skarphedinsson as the victor in this matter: "Yes, I think that people must evaluate the situation that way. He has shown that he has full control of this paper and he is supported by the editorial board and the newspaper staff. What we are the happiest about is that the conclusion of this meeting resulted in a broad solidarity and people reconsidered and sought a compromise. Although this conclusion can to a certain extent be viewed as an armistice until fall, it is now clear, however, that people will rally together around whatever the future has in store."

Ragnar Arnason, newly elected chairman of the THJODVILJINN Editorial Board was asked whether he and the editors of THJODVILJINN had begun looking for the third editor: "We haven't met yet, or those of us who were given the task of finding a third editor. First we must plan our course of action, but I think that as soon as possible we will start looking around," said Ragnar Arnason.

Paper's Staff Oppose Gestsson

Reykjavik MORGUNBLADID in Icelandic 19 Jun 86 p 30

[Editorial: "Svavar Gestsson Rejected"]

[Text] The conflict about whether People's Alliance Chairman Svavar Gestsson would be hired as editor of THODVILJINN lasted officially for almost a week. The majority of the publishing board of the paper let it be known at the beginning of last week that their [the majority] plan was to handle the matter in such a way at the board meeting, which was held last Monday, that Svavar Gestsson would be hired as the editor of the party organ. This plan would have entrusted Svavar Gestsson again with the party confidence which he was shown until he became a minister in 1978--to be an editor of THJODVILJINN.

The majority of the publishing board would not have let the news about its plans for Gestsson become known if they [the majority] had not been convinced that they were fully capable of handling the minority and the THJODVILJINN

staff under the leadership of Ossur Skarphedinsson, editor. The supporters of Svavar Gestsson would not have entered his name in this party fight if they were not certain about victory--if there originally was another reason, the party chairman does not have any supporters within his own party.

As soon as Gestsson had been officially nominated as a candidate for the THJODVILJINN editorship, the wheels began to turn in a different direction from what his supporters had expected. Reporters at THJODVILJINN launched a protest. In a conversation with MORGUNBLADID about the outcome of the reporters' protest meeting, their representative said: "...showed an extreme dissatisfaction with the proposal of installing a 'commissar' here at the paper." Several journalists have already declared that if the conclusion of the THJODVILJINN Publishing Board will be to hire Svavar Gestsson as editor, they will immediately leave."

Party Chairman Svavar Gestsson gave in to this pressure in the end. He made his people in the majority on the publishing board look unreliable. On Monday, a "compromise" was reached about Gestsson not becoming an editor: "My commitments as a chairman of the party do not at this time allow me to accept the challenge of the majority of the publishing board which urges me to accept the editorship at the paper," is stated in a protocol which Gestsson submitted at the meeting. It was then decided to entrust Gestsson's successor in the chairman's seat of the publishing association and two other people who still are editors at THJODVILJINN, Ossur Skarphedinsson and Arni Bergmann, with the task of looking for the third person who would be approved with an overall unity, as it was phrased.

Here we have traced the proceedings of this strange editorial case. The course of events alone indicates that the fight was tough and those who opposed Svavar Gestsson won in the end. Ossur Skarphedinsson is an undisguised representative of Gestsson's opponents and his supporters in this affair. Behind him is, however, Olafur Ragnar Grimsson, chairman of the Executive Board of the People's Alliance. In addition to the old nucleus of the People's Alliance which traces its roots back to the Communist Party of Iceland, it is the party's labor leaders under the leadership of Asmundur Stefansson [Icelandic Federation of Labor chairman] who support Svavar Gestsson. The party chairman's defeat in the editorial affair is not only a personal setback for him, but also a tremendous setback for those who put their bet on him in the fierce battle that is taking place behind the scenes in the People's Alliance.

This internal strife became clear at the party's congress shortly before the turn of the year. Svavar Gestsson's opponents maneuvered Kristin A. Olafsdottir into the deputy chairmanship at the congress. To the outside world, it was made to look like nothing important had happened after the congress. Next, the fighting broke out again because of the primaries for the People's Alliance city council slate. Then Gestsson's opponents attacked Sigurjon Petursson who survived. Still it was pretended that nothing had happened. The third time the fight broke out because the way THJODVILJINN wrote about the wage negotiations last winter. Asmundur Stefansson, chairman of the Iceland Federation of Labor was attacked. The fourth time, everything went haywire when Sigurjon Petursson was pushed out of a television program

the evening before the elections. Due to the unsuccessful behaviour of Ossur Skarphedinsson in this program, Gestsson's supporters thought that they could keep him from the THJODVILJINN editorial seat, and they were fully confident of their victory when Gestsson allowed them to use him in the battle about the control of THJODVILJINN, as the stakes were high, the party organ itself. But Gestsson was rejected; his opponents celebrate victory and his supporters doubt his honesty.

Battles have been fought within the People's Alliance but the war has not ended. The battle position of the party chairman, the communist nucleus and the labor leaders has deteriorated considerably after the outcome of the last battle. If these powers lose more often in this manner, defection will take place in their camp and there will be crossover to the other faction within the People's Alliance.

Battle Between Generations

Reykjavik MORGUNBLADID in Icelandic 25 Jun 86 p 9

[Commentary by 'Staksteinar:' "Power Struggle"]

[Text] Today, STAKSTEINAR will discuss the conflict within the People's Alliance which is increasing day by day. Attention will be called to the fact that although there is an ideological controversy involved to some extent, the root of the conflict is, however, the fight about the chairmanship of Svavar Gestsson who is obligated to leave office in a year and a half if the laws and work regulations of the party are interpreted in its narrowest sense, but he could have three and a half year to go if the interpretation is freer.

What is the Conflict About?

To a certain extent, the conflict probably evolves around the different views held by the old ruling powers within the People's Alliance and new generations on how to implement policy making and political work of a socialist party like the People's Alliance. On the other hand, this conflict evolves simply evolves around the power control in a rather powerful political party. When the People's Alliance was made a formal political party, the work regulation that was adopted was that people were not allowed to serve in certain representative capacities for the party for more than a certain number of years. This work regulation also covered the party chairman who is allowed to serve in that office for three terms, or 9 years, but the national congress was held every 3 years at that time. In accordance with this, Ragnar Arnalds left office after having served as chairman for 9 years and Ludvik Josepsson took over. After Svavar Gestsson became chairman, the national congress was held every 2 years. At the next national congress, Svavar Gestsson will have been in office for 7 years but for three terms. If the terms are used as a basis, his term in office has expired. If the number of years is used as a basis, he could have 2 years left. It is impossible to say how this provision in the work regulations will be interpreted. It is clear, however, that the old ruling clique, or the "little, ugly clique" as it was called during the days of Hannibal [Valdimarsson] and Bjorn, has no guaranteed candidate for the chairmanship aside from Svavar Gestsson. It is therefore not unlikely that the clique will try to interpret the work regulations to mean that Gestsson

can stay in office for 2 more years. Others will, however, interpret this in a different way. Whatever happens, it is clear that the conflict that is now taking place does to a considerable degree evolve around who will be the next party chairman.

Who Will Be the Next Chairman?

Aside from Svavar Gestsson, only three people seem to come to mind as candidates for the chairmanship in the People's Alliance: Ragnar Arnalds, Olafur Ragnar Grimsson and Asmundur Stefansson. Before the elections, many people thought that Ossur Skarphedinsson, editor of THJODVILJINN, should be considered but that is now in the past. Skarphedinsson took care of that himself in a famous television program the evening before the elections when he proved not to be man enough to live up to his own words which was witnessed by several hundred people, and numerous people taped this program. Asmundur Stefansson is a new supporter of the old clique in the People's Alliance. For years he was against it, but he turned around several months ago and entered into a political alliance with the clique. Stefansson seems to have come to the conclusion that he would never reach the position of influence which previous chairman of the [ASI] Icelandic Federation of Labor had held unless he would obtain and ensure political influence for himself as well. The way matters now stand, he might very well become the candidate for the old clique in the People's Alliance, but he would hardly remain long in his ASI position. A better alternative for him would be to become a member of parliament for the People's Alliance and keep the chairmanship of ASI. In fact, he would never be considered a bona fide member of the old clique. If the conditions are such at the next People's Alliance National Congress that people are prepared to revolutionize, Olafur Ragnar Grimsson will be elected chairman. That would mean the end of the old clique in the party for the most part, but not necessarily, however, that the People's Alliance would become a party which would make it easier to work with, for example, for the Independence Party. This could develop in a totally different direction. If the party congress would, however, seek a compromise, Ragnar Arnalds is a likely candidate. Even though he has been a chairman before, there is nothing against electing him again several years later. He has, for the most part, stayed away from the conflict in Reykjavik in order to get into the position of being a compromise alternative approved by all. The conflict within the People's Alliance at the present time must be viewed in light of this. A power struggle is taking place in a party which has considerable influence in our society so the victory is of great importance.

9583

3626/38

CHAIRMAN, EDITOR IN PEOPLE'S ALLIANCE TRADE CHARGES

Editor: Party Committing Suicide

Reykjavik MORGUNBLADID in Icelandic 8 Jul 86 p 2

[Article: "'Conflict About Primaries and Party Chairman May Put an End to the People's Alliance, ' Says Ossur Skarphedinsson, Editor of THJODVILJINN"]

[Text] Ossur Skarphedinsson, editor of THJODVILJINN, says in an interview with the recently published magazine HEIMSMYND that extensive conflict about primaries and the party chairman within the People's Alliance might put an end to the party, as he phrases it.

He says that there is every indication that both Olafur Ragnar Grimsson and Asmundur Stefansson will enter the People's Alliance primaries for the next parliamentary elections; he also says that it is common knowledge within the party that they will fight over the seat of the party chairman when Svavar Gestsson leaves office. He is convinced that that will be the case and he says that the strength of two opposite factions will crystallize within the party at the next election of the party chairman.

Skarphedinsson also feels that there will be great conflict around the battle for the chairman's seat, and that the final outcome will be a compromise. He feels that Ragnar Arnalds is then a likely successor to Svavar Gestsson, who might possibly seek to sit out the fourth term; the rule within the People's Alliance is that the chairman will only remain in office during three terms.

Svavar Gestsson: Untimely Speculation

Reykjavik MORGUNBLADID in Icelandic 9 Jul 86 p 3

[Article: "People's Alliance Chairman Svavar Gestsson: Skarphedinsson's Untimely Speculations"]

[Text] People's Alliance Chairman Svavar Gestsson feels the speculations of Ossur Skarphedinsson, editor of THJODVILJINN, about who will be the party's next chairman are untimely. Skarphedinsson says in an interview with the HEIMSMYND magazine which was published yesterday that probably Olafur Ragnar

Grimsson and Asmundur Stefansson will fight about the chairmanship before and during the party's next national congress when Svavar Gestsson leaves office.

"These are untimely speculations. It is the national congress which decides on the chairman of the party after it has been assembled; and in fact, I do not feel that it is appropriate to comment on that at this stage," said Svavar Gestsson in a conversation with a MORGUNBLADID reporter yesterday. "I have made it a rule to discuss such matters within the party first," said Gestsson.

Svavar Gestsson was asked whether there was any possibility that he would want to be elected chairman of the People's Alliance for the fourth term; he has been chairman during three terms and regulations within the party do not allow members of the People's Alliance to be elected as representatives for more than three terms in a row: "The party's regulations do in general allow that people will serve three terms as representatives and I am quite firm about sticking to these regulations," said Gestsson, "but on the other hand, it is assumed in the party's law that the chairman can serve one additional term, or a total of four terms. That is termed as a rule of exemption, but I will stick firmly with the main regulation about three terms. Furthermore, I want to point out that I have not made it a practice to seek the chairmanship or other representative positions in the People's Alliance; others have, to a much greater degree, asked me to do that. I will not do that either in this case, so that will have to take its course.

Funds Misuse Charged

Reykjavik MORGUNBLADID in Icelandic 9 Jul 86 p 48

[Article: "Petition Within the People's Alliance Central Committee: Directed Against Financial Aid to Politicians"]

[Text] Kristin A. Olafsdottir Responds on Behalf of Petition Group
Kristin A. Olafsdottir, deputy chairman of the People's Alliance and other central committee members of the party are currently sponsoring a petition among central committee members and alternate representatives of the party; those who sign the petition condemn that "working politicians accept financial aid for personal use from ministers or other financially strong persons in the society."

"We are several in the central committee who launched the petition among the central committee members, regular representatives and alternates, in which we are putting forth definite "principles" in our position, " said Kristin A. Olafsdottir in a conversation with MORGUNBLADID. She said that the "principles" in their position is directed against working politicians accepting financial aid for personal use, and that the name of Gudmundur J. Gudmundsson is nowhere mentioned in this petition.

Olafsdottir was asked in what way these central committee members intended to use this petition: "We plan to submit it to the Executive Committee," she said, "but I expect that in continuation of this, Gudmundur J. Gudmundsson will be checked.

"It is , of course, so-so getting hold of people because of the time of year, but we are satisfied with the responses, "said Olafsdottir. The meeting of the Executive Board of the People's Alliance will be held tonight.

According to MORGUNBLADID sources, Olafur Ragnar Grimsson and Kristin A. Olafsdottir signed the list, as well as Kjartan Olafsson, former editor of THJODVILJINN.

9583

CSO:3626/40

PAPER VIEWS POSSIBLE RAMIFICATIONS OF HAFSKIP CASE FOR PA

Reykjavik MORGUNBLADID in Icelandic 17 Jul 86 pp 18-19

[Commentary by Agnes Bragadottir: "People's Alliance Handling of Gudmundur J. Gudmundsson's Case: Will There Be a Breach of Confidence Between the People's Alliance and the Labor Movement?]

[Text] That Might Happen if Gudmundur J. Leaves Parliament But Continues as Chairman of Dagsbrun [Reykjavik Transport and General Workers' Union]

Public statements issued by the People's Alliance after the party's central committee meeting last Monday evening which lasted into Tuesday morning, indicate that the party's study of Gudmundur J. Gudmundsson's case concerning the financial assistance he accepted from Albert Gudmundsson [then minister of finance for the Independence Party, currently minister of industries] in the fall of 1983 is finished. There are indications, however, that the matter is not all that simple and that certain powers within the People's Alliance will continue to seek support for the opinion that Gudmundur J. must resign from his position as member of parliament. The People's Alliance members who have supported Gudmundur J. in this case and who are especially connected with the labor arm of the party say, for example: "When do you think these people will give up and quit? We still have to see whether these people will accept the conclusion that was reached at the meeting; anyway, these people do not know anything about democratic work methods." Even Svavar Gestsson, chairman of the party, when he is asked whether it is not clear that Gudmundur J. will not be required to resign, only says in an indecisive manner: "It will not be demanded by this institution of the party," which is, of course, a response which arouses more questions than it answers.

People also interpret the Monday evening meeting in various ways and what the conclusion of that meeting means. This different interpretation depends on which faction of the party they align themselves with.

The Petition and the Party Deputy Chairman Criticized at the Meeting

It was obvious in the eyes of the opponents of the so-called petition which Kristin A. Olafsdottir, deputy chairman of the People's Alliance and chairman of the Central Committee of the party, had initiated before the meeting started, that they [the opponents] felt that the petition was more or less a flop, or had not been successful enough that it was appropriate to show its

results at the meeting. Those who were most involved in this petition say, on the other hand, that the petition had been aborted, or at least that it had been slowed down after the Central Committee meeting was decided, but by then 37 Central Committee members had already confirmed in one way or another that their name would be on the list.

The petition was circulated among the Central Committee members in order to obtain a demand to the effect that Gudmundur J. would resign from his position as a member of parliament. At the meeting itself there was harsh criticism of the deputy chairman of the party, Kristin A. Olafsdottir, for work methods in this matter, and many of the committee members felt that it was highly inappropriate for the party's deputy chairman to act; also, she is the chairman of the Central Committee and could therefore, for all practical purposes, call a meeting of the committee about the matter.

The Meeting Wanted to Issue Something on the Matter

Those who were against the resolution on the matter at the meeting, say that it is totally wrong that the majority of the meeting participants had been in favor of Gudmundur J. resigning from his position as a member of parliament, however, they say that there was a disagreement on what steps to take. The conclusion of the meeting was clear. The committee of five was supposed to report to Gudmundur J. on the debates at these meetings, i.e., the meeting of the Executive Committee and the parliamentary group last week and the meeting of the Central Committee on Monday, but Gudmundur J. attended neither meeting. The committee was supposed to trace the course of the debates; report on the resolution which was passed, as well as tell him which conclusions were withdrawn or rejected.

At the meeting, Asmundur Stefansson [Icelandic Federation of Labor president] made a motion that the motions of Kjartan Olafsson demanding that Gudmundur J. would resign, and the motion made by Steingrímur Sigfússon and Anna Hildur Hildibrandsdóttir would both be rejected. His motion was rejected by 42 votes against 21, as a large portion of the Central Committee members felt it necessary that something would be issued from the meeting on the matter; the case would not be closed otherwise, according to what certain People's Alliance members say.

A motion rejecting the motion of Kjartan Olafsson was then approved by 44 votes against 20. When the motion of Steingrímur Sigfússon and Anna Hildur Hildibrandsdóttir was submitted at the meeting, Ólafur Ragnar Grímsson withdrew his resolution motion which was very similar to Kjartan Olafsson's motion for the resignation of Gudmundur J.

The Central Committee members who attended the meeting and belong to the faction of the party which likes to identify itself with the "democratic power of the People's Alliance," say that the conclusion of the meeting is clear and cannot be misunderstood. Three main leaders of the party, Svavar Gestsson, chairman of the People's Alliance, Ragnar Arnalds, chairman of the parliamentary group of the party and Ólafur Ragnar Grímsson, chairman of the Executive Board, along with Guðni Jóhannesson, chairman of the People's Alliance in Reykjavík and Anna Hildur Hildibrandsdóttir, representative on the Executive Board, had been entrusted with reporting to Gudmundur J. on the

debates and the conclusions of the meeting. The conclusion was categorically that the majority of the meeting wanted Gudmundur J. to resign, although a resolution was not made to that effect. They ask: "If the committee was not supposed to tell Gudmundur J. about this conclusion, what was this delegation then supposed to tell him?"

Friendship Called "Ties of Interest"

It should be mentioned that disagreement arose at the meeting about a sentence in the resolution motion submitted by Steingrímur Sigfússon and Anna Hildur Hildibrandsdóttir. This sentence is as follows: "It has also brought to light the dangers that can result when representatives of wage earners and socialist movement form ties of interest with directors of wealthy companies and influential individuals in the leadership of the conservative powers." Most likely, the friendship of Albert Guðmundsson and Gudmundur J. Guðmundsson is being given a new name and is called "ties of interest."

Svavar Gestsson requested that this sentence be dropped from the resolution, and therefore a special vote was conducted. The result of that vote was that dropping this sentence from the resolution was rejected by 36 votes against 27.

Then the motion submitted by Steingrímur Sigfússon and Anna Hildur Hildibrandsdóttir was voted on and approved by 47 votes against 13, which is interpreted by the "democratic powers" that only 13 people at the meeting, with Asmundur Stefánsson and Throstur Ólafsson as sponsors (many people had left the meeting when the vote on this motion was made) had actually supported Gudmundur J. Guðmundsson. Therefore, it is not unnatural to conclude that the majority of the meeting wanted Gudmundur J. to resign.

Party Members Look Askance at a Part of the Central Committee Resolution

Numerous People's Alliance members seem to look askance at the crucial sentence in the resolution that was passed. They feel that with this, the central control by the majority of the Central Committee has become so obvious, that it cannot be hidden.

As an example, it can be mentioned when discussing the dangers that may arise when representatives of wages earners and socialist movements make ties of interest with leaders of corporations and influential individuals in the leadership of the conservative powers," that these ties can be transferred to totally different parallel circumstances. For instance, it is possible to talk about a politician from a socialist movement who has an easy access to a reporter/editor of a party organ of an opposing policy and in that way is able to get news reported which is in the interest and to the advantage of his views and cause, and the party organ also benefits in the news reporting sense, as it is the first one to report the news. The sentence here above, which by now has become a Central Committee resolution in the People's Alliance, must hereby forbid all such mass media relations of different factions. In my opinion it is not quite in keeping with the time we live in, the second half of the twentieth century.

Mission of the Committee of Five Very Unclear in the Opinion of Gudmundur J. Gudmundsson

"This is an extremely mysterious committee, in my opinion, and I still have not figured out what its mission is," said Gudmundur J. Gudmundsson in a conversation with a MORGUNBLADID reporter when the delegation had visited him the day before yesterday.

Gudmundur J. said also that although the mission of the delegation is unclear, he does not at all believe that the purpose of the visit had been to indicate to him to resign from his position as a member of parliament: "Not even the slightest hint was made about that at the meeting, if you can call it a meeting," Gudmundur J. said. He said that there was not much exchanging of words at this meeting. Svavar Gestsson read a resolution and an introduction and shortly afterwards the group of five departed. "I think they were greatly relieved to get away," said Gudmundur J.

"I will continue as before and will resume my representative work for VSI [Icelandic General and Transport Workers' Federation] and Dagsbrun, and I am now back at my parliamentary work," says Gudmundur J., "in fact, I have never been more determined to stay on than after this meeting. I had told many of my friends and acquaintances that I was seriously thinking about leaving my parliamentary position after this term, but the job seems to be so popular, especially my seat, although it is "badly paid!", that I will reconsider those ideas," said Gudmundur J. and the sarcastic tone does not escape anyone.

"The Case is Closed As Far As We Are Concerned," Says Svavar Gudnason
People's Alliance Chairman Svavar Gudnason says about the above mentioned meeting in a conversation with MORGUNBLADID: "We gave him the facts, as we were supposed to do. The case is closed as far as we are concerned."

When he was asked whether there had been a demand to have Gudmundur J. resign from his position as a member of parliament, the chairman answered: "Not in this institution of the party."

Gudnason says that although he feels that all this affair has been complicated, he feels that the People's Alliance can stand as tall as before.

In light of these words of the chairman, it is not out of turn to contemplate future speculations about the People's Alliance and what effect Gudmundur J. Gudmundsson's case and its handling might conceivable have for the People's Alliance in the future. In itself, it makes no difference to the People's Alliance whether Gudmundur J. remains through this term, as he has declared that he will do. He has also declared that for some time now, he has considered leaving his parliamentary position after this term. It is quite likely that his remark that he now intends to reconsider his position, contains a disguised practical joke, and that he enjoys letting his arch enemies within his own party squirm for some time before he makes categorical statements on this matter.

What must be greater food for thought for the People's Alliance in general is that if Gudmundur J. decides to leave his parliamentary position after this term and conceivably explains that by saying that he was attacked so severely

by his party colleagues that he does not feel that he is able to continue representing the People's Alliance in the parliament. If that will be the outcome, and if Gudmundur J. continues his representative work for the labor movement as the chairman of VSI and Dagsbrun, one could ask whether such a breach of confidence has not arisen between the labor movement in the country and the People's Alliance that it is beyond repair.

Which One is the Loser in the Long Term, Gudmundur J. or the People's Alliance?

If the People's Alliance loses the special relationship that has existed between the party and Dagsbrun for decades, where will the party stand? Which one has lost out in this Gudmundur affair--Gudmundur J. Gudmundsson or the People's Alliance? There are no indications afoot that the leaders of the country's labor powers intend to force Gudmundur's resignation--much rather that they have rallied behind him in this affair, both the Dagsbrun leadership and the spokesmen for VSI. There is no reason to believe that there will be any change in that, so that those People's Alliance members who say that Asmundur Stefansson, chairman of ASI [Icelandic Federation of Labor], could become Gudmundur's successor as a powerful liaison of the People's Alliance into the labor movement, it can justifiably be said that Asmundur Stefansson is a general without an army, unlike Gudmundur J., and is therefore not capable of fill Gudmundur's role. The question for the People's Alliance is therefore: Where will the party look for its strength within the labor movement when Gudmundur J. leaves his parliamentary position and continues to work in his representative capacity for the labor movement?

9583

CSO:3626/42

INCREASING LIKELIHOOD OF FALL ELECTIONS DISCUSSED

Discussions Followed Local Elections

Reykjavik MORGUNBLADID in Icelandic 10 Jul 86 p 34

[Editorial: "Fall Elections?"]

[Text] In the past weeks, considerable debates have taken place publicly whether to call for parliamentary elections this fall instead of waiting until next spring. These debates began in the wake of the local elections and have been ongoing in spurts since then. Such debates often take place when a government has been in power for 3 years. In the fall of 1970, the situation was, to be sure, extremely unusual in Icelandic politics, but at that time, some discussions took place about whether to call for elections then. The Independence Party which was in the majority government with the Social Democratic Party, expressed an interest in dissolving the Althing and calling for elections. That was, however, rejected by the Social Democratic Party and was not discussed again. Many people felt that this was a mistake, especially within the Social Democratic Party, and were of the opinion that most likely the Reconstruction government would have maintained its majority in fall elections which it lost in the elections in the summer of 1971.

In the fall of 1977 there were loud voices within the Independence Party calling for parliamentary elections then instead of waiting until the spring of 1978. One of the reasons was that wage agreements which exceeded all rational limits were negotiated in the beginning of the summer of 1977. It was considered that it would be sensible to call for elections immediately in the fall so that a new government would get a foothold to resist. These debates never reached a serious level, however. In the fall, severe strikes were called on behalf of government workers and in the winter of 1978, the labor unions began an open war against the government at that time. The elections in the summer of 1978 ended in great losses for both political parties, the Independence Party and the Progressive Party.

The main argument posed by those who now recommend elections is that it is necessary to have elections now and that a new government be formed before new wage negotiations take place. The position of the current government and political parties will be intolerable next winter if it will have to promote new and reasonable wage agreements with elections around the corner, and that

fact will be too much of a temptation for the labor movement and the political parties that most identify with it. That is why there is some hope of continuing the turning point policy in wage affairs and economic affairs that was formulated earlier this year with the wage agreements which then were made. The opponents of calling for elections say that the government should finish its intended task, the fight against inflation, by remaining in power until next spring and not running away from the flag.

It is obvious that there is considerable interest in the elections within the Independence Party but limited interest within the Progressive Party. It can be assumed that the Social Democratic Party is interested in fall elections which would give the party the opportunity to utilize the momentum from this spring. On the other hand, it is unlikely that the People's Alliance, which is contending with great and increasing internal problems, has any special interest in fall elections, although influential labor leaders within the party recommend elections.

These debates have been useful. They have cleared the lines somewhat. The crux of the matter is, however, that it is far too early to decide whether to aim for elections in the fall. It is not until the beginning of fall that it will be timely for the leadership of the parties to take a position on the matter. Then it will be easier to see how things are going in the national issues and then it will also be necessary to take a position.

MPs, SDP Chairman Comment

Reykjavik MORGUNBLADID in Icelandic 12 Jul 86 p 9

[Commentary by 'Staksteinar': "Members of Parliament Quoted"]

[Text] Today, "Staksteinar" will touch upon remarks by two members of parliament for the Progressive Party who both wrote articles on the same page in TIMINN [Progressive Party organ] the day before yesterday, and the chairman of the Social Democratic Party who frequently pats the People's Alliance on the cheek with one hand when he discusses the possibilities of a new leftist government and slaps it with his other hand, as such has been the working methods that have characterized leftist governments now as before.

Fall Elections

Haraldur Olafsson, the only parliamentary representative for the Progressive Party in the Reykjavik-Reykjanes district where over half of the nation lives, states in an article in TIMINN the day before yesterday:

"The proverbial national unity emerges in many forms. Now, the Confederation of Icelandic Employers [VSI] and the leaders of the Icelandic Federation of Labor [ASI] have begun singing loudly in unison about the necessity of calling for elections in the fall. They say, independently, that in no other way will there be wage agreements negotiated that can be trusted to meet the objectives, or as the leader of the employers allows himself to be quoted, that a strong government must be the guarantee for new wage agreements.

It is, of course, nice that wage earners and their employers unite in this exemplary manner. It must, however, be food for thought for the government parties how little confidence these "parties of the labor market" have in the government as a responsible governing party.

For some time, several labor leaders have maintained the theory that there will be no sense in Icelandic politics until the A-parties [People's Alliance and the Social Democratic Party] form a government with the Independence Party. The welfare of the wage earners is connected with the big and great Independence Party joining hands with the representatives of the common people in the country. This obsession about a new reconstruction government has, however, not received any special response among the nation, but they continue to harp on this and now the employers have begun to join them."

This is how the reflections of the parliamentary representative of the Progressive Party from Reykjavik begin and later he discusses the possibilities of fall elections which he does not think are desirable at all. He concludes his article as follows: "Before elections are called, definite wage policy and clear objectives in labor affairs and regional affairs must be available." His article, however, lacks directives for these objectives.

The Role of Cooperative Commerce

Jon Kristjansson, parliamentary representative for the Progressive Party for the Austfirdir electoral district, discusses in the same issue of TIMINN the study undertaken by the Price Control Board on the prices of several goods in Glasgow, on the one hand, and in this country, on the other. The parliamentarian avers that the price difference is fourfold and to our disadvantage. He then talks about the Iceland Chamber of Commerce: "Now is the opportunity for the Chamber of Commerce to turn to their own affairs and have a report made about commerce in the country, its organization and where there are problems in that industry."

The parliamentarian is however, conspicuously quiet about the cooperative commerce in the country which is comprised of both wholesale and retail, and in general loses out in price comparison with merchants and large stores, although cooperatives operated at a loss in many places last year, if the reports on that in TIMINN are reliable. Is it not about time that the SIS-store [Federation of Iceland Cooperative Societies] and the cooperatives "turn to their own affairs and have a report made," etc?

Moreover: is it not timely for Jon Kristjansson, parliamentary representative for the Austfirdir electoral district, to undertake a comparison study on the retail prices among merchants and large stores here in Reykjavik, on the one hand, and the prices in Glasgow, on the other? Have the cooperatives in Austfirdir given an example of lower prices of goods to the general public than private stores in Reykjavik? Shouldn't the parliamentarian first check the prices of goods among his own constituents?

Advertising for Party Leadership!

Jon Baldvin Hannibalsson [Social Democratic Party chairman] says in an interview with ALTHYDUBLADID [SDP organ] yesterday]:

"The People's Alliance is hardly prepared for elections, even less prepared to

form a government after the elections...Actually, no one knows what the leadership of the party consists of. Is it the labor arm with Asmundur Stefansson at the helm? The current leadership? Ossur and the hippie group?...No, I am afraid that they must solve the slaughtering of their brothers before they can be taken seriously....If an article in the magazine THJODLIF is to be recounted, some of them will hardly be ready for elections until 1991."

Parties' Internal Situation Viewed

Reykjavik MORGUNBLADID in Icelandic 13 Jul 86 pp 30-31

[Commentary: "Reykjavik Letter 12 July 1986"]

[Text] In the wake of the local elections, political discussions this summer indicate that parliamentary elections are not far away. When the results of the local elections were available, discussions on potential parliamentary fall elections began immediately. Also, harsh internal strife within some of the political parties, and heavy undercurrent in others, indicate that within the parties, people are trying to create a battle position for themselves, either to run in the parliamentary elections or for an influential position within the party itself. In addition, it is also possible to see indications for talks about conceivable cooperation between parties after the elections.

Although, not too much should be made of historical precedence, it is noteworthy that ever since the founding of the republic, leftist governments have always followed in the wake of a coalition of the Independence Party and the Progressive Party in the government. These two parties which now work together in the government had such a cooperation from 1950-1956. That is the only time which the cooperation of these two parties was renewed after elections. The cooperation began in 1950 and was renewed after the elections in 1953; the chairman of the Progressive Party, Hermann Jonasson, did not take a seat in that government but instead began immediately to prepare a leftist cooperation which resulted in the formation of a leftist government in the summer of 1956. That government remained in office until December 1958, or two and a half years. After the cooperation of these two parties in the government 1974-1978, a leftist government was formed once again; this government remained in office slightly over a year, or from the summer of 1978 until the fall of 1979.

In the light of these historic precedence, there is reason to pay notice to the remarks of Valur Arnthorsson, chairman of the board of the Federation of Iceland Cooperative Societies [SIS], who was quoted in this forum one week ago, when he said that those political parties that identify with socialism must not sleep while guarding trade unions and the welfare society....There is crucial need for political unity in the country on democratic socialism which covers all current party ties and secures maintenance and the strengthening of united help within the family, the Icelanders."

TIMINN, the Progressive Party organ, quotes these words of the SIS chairman of the board, in an editorial yesterday, Friday, and goes on to say: "In the current government, the Progressive Party has put emphasis on protecting the

welfare system which has been built up. There is reason to believe that extremist powers to the right will try to dismantle it or prevent further development of the system. The lack of unity among socialists is water on the opponents mill, and it is therefore necessary that they work better together on their affairs and on implementing their ideals." It can be seen from this quotation in the TIMINN editorial, which the Progressive Party now is totally responsible for, that the party wants to support what Valur Arnthorsson says.

On Thursday, ALTHYDUBLADID also published an editorial on these issues which also is interesting when keeping the above in mind. It is stated there: "Discussions about increased cooperation on the so-called left wing of Icelandic politics has been greater and louder recently than it has been for years. The cooperation of socialists is discussed in a broad context; the cooperation of labor parties; and the unity of socialists, democrats and progressives....The red thread of that discussion which is the topic here is the fact that a number of people, especially the younger generation, have become tired of how the Independence Party succeeds in dominating in Icelandic politics. Simple review of history has shown and proven that all conflicts on the so-called left wing; the founding of new parties and fights within the labor movement, has been water on the Independence Party mill; the generating force in their energy."

Finally, one can quote Olafur Ragnar Grimsson, managing director of the Executive Board of the People's Alliance, who said in an interview with DV last Wednesday that the undertone of the conflict within the People's Alliance was the position on government cooperation. In this connection, Olafur Ragnar said: "It is in fact the big question whether people agree that the People's Alliance join hands with the Social Democratic Party in order to control the Independence Party, or whether the People's Alliance should promote that the socialists in the country form an alternative which would replace the conservative powers in the country, and then seek cooperation with socialists within the Progressive Party, the Women's List and elsewhere."

When considering the words of Valur Arnthorsson; the TIMINN editorial; the ALTHYDUBLADID editorial and the words of Olafur Ragnar Grimsson, it does not escape anyone that within these three parties, the Progressive Party, the Social Democratic Party and the People's Alliance, there are considerable discussions and movements afoot which evolve around the basic question of where these parties should turn for government cooperation after the elections. It is also clear that some individuals in these three parties are now attempting to amplify movement within all the parties for leftist cooperation after the elections which then would be in accordance with the historical precedence that was mentioned in the beginning.

What Does the Social Democratic Party Chairman Want?

From the time that Jon Baldvin Hannibalsson took over the chairmanship of the Social Democratic Party almost two years ago, it has been very difficult to misunderstand his ideas on government cooperation on behalf of the Social Democratic Party. He has overtly and covertly indicated that he wants cooperation with the Independence Party, preferable in accordance with the reconstruction pattern, but not to exclude a reform government. This

argumentation has, however, been changing in recent months; and perhaps people have not paid sufficient attention to that.

On May 1, the chairman of the so-called labor parties, Svavar Gestson and Jon Baldvin Hannibalsson, gave speeches together in Siglufjordur. That fact alone should arouse attention. In his speech there, the chairman of the Social Democratic Party said, among other things: "Contrary to what happened elsewhere in the Nordic countries and in most places in West Europe, the rightist powers here in this country managed to unite. Thereby, they have gained control in the political struggle of the republic: the position to dominate. At the same time, shortsighted men caused the solidarity of the labor movement and its parties to be broken more than once with foreseeable bad consequences."

A little later in the same speech, the chairman of the Social Democratic Party said: "This winter, during the preparations for the wage negotiations, events took place within the labor movement which confirm the ideological solidarity of the Social Democratic Party and influential leaders of the labor movement within the People's Alliance. I welcome this development."

Finally, he said in the same speech that the objective is: "to unite 40-50 percent of the Icelandic nation in a mass movement of social democrats which will be a ruling power in Icelandic politics for the next decades."

There is no doubt that on the holiday of the working people, May 1, Jon Baldvin Hannibalsson tries to lay the foundation for some kind of cooperation of the Social Democratic Party and the People's Alliance. In an article in MORGUNBLADID June 17, he goes one step further and he seems to encourage a portion of the People's Alliance to enter into cooperation with the Social Democratic Party when he says: "The parliamentary groups of the Social Democratic Party and the People's Alliance are both responsible for the economic measures which were taken in the wake of the wage negotiations. It is therefore both natural and feasible that these parties ensure cooperation between them. They have the obligation to ensure that the preconditions of the wage agreements will hold....The question is, however, whether the People's Alliance will be able to govern? Mostly everything indicates that within the party there will be very little peace to work toward a positive and creative policy. The fact is that the People's Alliance is on the verge of splitting. It might lead to the fact, sooner or later, that the social democratic powers within the party will not be able to remain. If that happens, they must, of course, take the step and close the door and join us in the Social Democratic Party. That would to a great extent compensate for the historic mistake made by communists and leftist socialists in the past which repeatedly caused the solidarity of the social democrats and the labor movement with disastrous consequences."

When that task is finished, Jon Baldvin Hannibalsson gives the following statement in his article in MORGUNBLADID: "But what kind of government do we then need after the elections? The first task will be new wage agreements. In that area, the Progressive Party has nothing to supply, so that party is best kept outside the government."

But at the same time that the Progressive Party is taken care of in this manner, doubts surface on the cooperation of the Social Democratic Party with the Independence Party when he says: "Then the main question is, of course, what Independence Party are we talking about? Is it some screaming marketing ideology missionary which is waging a holy war on the welfare state? Or is it some out-department from the Progressive Party which is splitting there in the cowshed of the agricultural system? Or will the spokesmen be responsible employers who want to use the opportunity to join hands with us Social Democrats in reducing state welfare; secure the base of the industries; increase wages and balance the standard of living? I feel that the leaders of the Independence Party and the People's Alliance should use their time this summer to decide which direction they want to take."

Not Their Owns Bosses

From what has been traced here, the conclusion can be drawn that the priorities of the chairman of the Social Democratic Party are changing. He still is interested in cooperating with the Independence Party after the elections but he asks with what Independence Party. However, it seems that he puts the main emphasis on forming solidarity, alliance or a broad faction with the labor movement and the People's Alliance or a part of the party.

It is also clear that there is a great difference of opinion within the People's Alliance. There is probably a greater interest among some groups within the People's Alliance in cooperating with the Independence Party than ever before, and this primarily applies to the party's labor leaders. As cooperation has now been reached among the more influential people in that group and the party chairman and his colleagues, it is not unlikely that this interest has filtered into their ranks. But at the same time it is obvious that the powers in the party which aim for current leadership of the party under the guidance of Kristin Olafsdottir and Olafur Ragnar Grimsson, look more toward solidarity with the "socialist parties."

In this connection, the possibilities mentioned by Haraldur Olafsson, member of parliament, in a question form in an article in TIMINN last Thursday must not be forgotten either: "Could it not happen that the Independence Party and the Progressive Party would decide to renew the government cooperation?"

When considering this position, there is one additional factor in this matter which must be kept in mind and that is: Experience has shown that the chairmen of the parties are not their own bosses at all when it comes to forming a government after the elections. Whatever their own interest is, they must take into consideration the results of the elections and the perspectives which prevail within the parties after the elections. There are several interesting examples of this in our latter day political history.

After the 1971 election, the Liberal and Left Alliance was an undisputed winner in that election. It was quite clear that the main leaders of the alliance, Hannibal Valdimarsson and Bjorn Jonsson, were most interested in cooperating in forming a government with the departing government parties, the Independence Party and the Social Democratic Party. Although the victory of the alliance was first and foremost the victory of those two men, they were not allowed to decide. The outcome of the election had been that parties

which had been in the government for 13 years had lost their majority. The demand to form a leftist government made by those who had stayed on the outside all this time, including the Alliance which was a leftist party, was so strong that the will of the leaders was not the deciding factor. This desire of the leftist parties to form a leftist government was in fact so strong that even after the great election victory of the Independence Party in 1974, a very definite attempt was made to form a new leftist government after the election.

After the great election victory of the Social Democratic Party in 1978, many Social Democrats were of the opinion that new reconstruction cooperation should be sought with the Independence Party, as the Social Democratic Party had the choice of being in the prime minister's seat in such a government. That was not the conclusion; firstly, because there was still a general fear within the party of cooperating with the Independence Party after the Social Democratic Party disaster in the 1971 election which the Social Democratic Party blamed on the Independence Party, even though the problem arose primarily because a new social democratic party, the Social Democratic Alliance, had emerged under the leadership of the former chairman of the Social Democratic Party. Secondly, the reason was that the chairman of the Social Democratic Party at that time was simply against cooperating with the Independence Party. It is, however, a matter of opinion whether he would have decided in that matter if the main reason referred to above would not have arisen.

Although this has not yet happened, the same issue might arise within the People's Alliance after the next elections. Even though influential labor leaders and other influential people in the party fight for cooperation with the Independence Party in the government, it could very well happen that they would not be able to implement that simply because the opposition to that might be strong enough to split the party because of such a government formation.

The matter to consider for the Independence Party under these circumstances is that all the leftist parties are harping on statements to the effect that the Independence Party is not capable to work in the government because of the so-called liberalism views. It is stated in the editorial in ALTHYDUBLADID which was quoted earlier, among other things: "What has the greatest influence on weakening the ideas of discussing cooperation and collaboration of the socialist powers is animosity and fear of progression of neoliberalism within the Independence Party. The neoliberalism threatens the holiest objectives of socialism and the socialist policy, i.e., the welfare state. The neoliberals in the Independence Party have already made harsh attacks on the welfare system and are threatening further actions. Nothing but a counterattack suffices against such threats."

Nothing factual will be discussed concerning these statements of the ALTHYDUBLADID, but it will be pointed out that the Independence Party has always been a welfare party in practice, whatever the different powers within the party are, and this statement applies especially where the party has had a clear majority in the municipalities, particularly in Reykjavik where the party has built up an interesting welfare system. The Reykjavik Municipal

Department of Social Affairs is one of the most interesting institutions of its kind that exists. It is a totally different matter, however, that in every country, the effort is now concentrated on rejecting extreme government spending and restraint is necessary if the capability of state and local governments is to be maintained. But that must, of course, not be at the cost of those who are at a disadvantage. But the feeling described by the quotations mentioned above is by itself a political reality which the Independence Party must notice. When the Independence Party introduced its blitzkrieg policy before the 1979 elections, one of the leaders of the People's Alliance said that it was indeed an interesting platform but it had to mean that the Independence Party intended to get a majority in the elections because the party would not get any other party to cooperate in the government on the basis on this political platform.

Result of Leftist Governments

Listed above are, various quotes, remarks and statements of political leaders and their party organs which indicate that now when elections are near, whether it be this fall or next spring, there are considerable motions within the so-called leftist parties where people are discussing what type of government cooperation these party want to aim for after the elections. Some of these speculations lean toward a leftist government; others toward the government cooperation of one of them and the Independence Party. But because historical precedents have been made the topic here, it is not out of turn to call to mind in a few words other examples of that nature, i.e. the results of leftist governments.

The leftist government which was formed in the summer of 1956 and remained in power until December 1958, proved to be one of the most hapless governments which had been formed in the country. That was one of the reasons why the reconstruction government remained in power so long. The leftist government of Hermann Jonasson simply gave up and left the economic system in shambles.

The leftist government of Olafur Johannesson which was formed in the summer of 1971 and remained in office until spring 1974, took over the best national economy that any government in Iceland has ever taken over, with inflation at a minimum. When this government left office, it had squandered in such a way that all the funds in the country were depleted and the period of runaway inflation had begun.

The leftist government which Olafur Johannesson formed in the fall of 1978 was from the beginning unfit to govern the country, and it only remained in office for less than a year. The three parties that were in the coalition government maintained constant internal fighting and arguments which more or less were conducted openly.

When the so-called socialist parties now once again are talking about a conceivable formation of a leftist government after the next elections, they should call to mind in detail the results and consequences of these governments. Whatever can be said about the cooperation of the two parties which now govern the country and their cooperation in general now and before, it remains a fact that they have never left the government seat with the trail behind them as did the so-called leftist governments. Are the discussions

which now are being conducted within the leftist parties about one more broad faction of leftists perhaps primarily the proof that these parties do not have the courage nor the capability to seriously discuss new directions in forming a government and policy making?

9583

CSO: 3626/41

FUTURE, DILEMMAS, DIFFICULTIES OF PS ANALYZED

Lisbon DIARIO DE NOTICIAS in Portuguese 2 Sep 86 p 6

[Editorial]

[Text] From every indication, the flurry being experienced within the Socialist Party (PS) is tremendous. There is the constitutional revision which is being drafted, the "shadow cabinet" which is almost established, the research bureaus which are drafting proposals to be presented when the parliament resumes its work, and the key leaders, the new secretary general in particular, who has announced that basic statements will be made shortly. Under the slogans put forth by Constancio to the effect that this is the "government of lost opportunity," the PS wants, in short, to make two things clear. The first is that it is no longer a party which will allow an image of improvisation and subordination of strategy to the most unpredictable tactics to be imposed upon it. And the second is that it has structures and personnel capable of replacing Cavaco Silva's executive branch at any time.

This new competent and laborite image, supplemented by the calm tone with which an effort is being made to contrast the profile of Constancio with the more incisive and personalized image of Cavaco Silva, lacks, for the time being, as a number of observers have noted, a specifically political nature. In other words, a definition of objectives, periods of time and key points on which to put the main focus of the criticisms of the government. To say, for example, that elections are not being sought but are not feared either is to say very little, to the extent that the electorate cannot deduce any direct message therefrom. On the other hand, to draft a global alternative, without at the same time identifying what are usually called "the weakest links," would perhaps make the party seem a competent opposition, but would not necessarily contribute to eroding the adversary, which in this instance has not by any means shown any signs of retreating from the relatively privileged position with which it began in the legislature.

The emphasis on these more or less generally agreed observations which have been made concerning the actions of the PS does not, however, mean that one must necessarily see there any deficiencies in the conduct of the new party leadership. It is simply a matter of establishing facts, although it is still too soon to catalogue their positive or negative effects. And it may even happen that the suggestions of certain sectors advising a more aggressive and

visible approach are nothing but perverse urgings. Everything depends on whether or not there is a strategic line underlying the various manifestations we are seeing. And for the time being, it is difficult to discern exactly what the meaning of this possible strategy is.

It is true that the world of politics does not depend solely on two variable factors, the PSD and the PS. However, it was toward this goal that the path outlined at the last congress of the socialists seemed to point. Now the fact is that, whether because the party has devoted itself meanwhile to reorganizational work, or because the parliament is in recess, the achievement of this announced goal does not look likely very soon. On the contrary, other parties, such as the PRD, have enjoyed similar attention from the public, and far from consolidation of the concept of bipolarization between the socialists and the Social Democrats, the dominant concern seems rather to be the unknown quantity represented by the future coalition which would replace the present cabinet if it were to resigns. And it is precisely here that the attitude of the PS evidences a certain weakness. While it cannot put itself forward yet as a single alternative in any convincing fashion, it is not in a position to define its role as a part of a joint alternative, either. And this is the reason for the conviction of one of its leaders, who has suggested a "government of independents" in the event of the resignation of Cavaco Silva. It is a question, obviously, of a political and polished way of saying that what is wanted is to continue for some time further to explore the advantages of being in the opposition. The question is whether these are in fact advantages, or whether, on the contrary, they are opportunities for the prime minister to retain the initiative on his own territory. In the final analysis, the whole dilemma depends on whether one gains or loses by gaining time.

5157

CSO:3542/156

SDP SUFFERS UNUSUALLY LARGE DROP IN MONTHLY POLL

Dropped 2.5 Percent

Stockholm DAGENS NYHETER in Swedish 23 Jun 86 p 8

[Article: "Politics: SIFO Poll for June: Social Democratic Party Loses Support"]

[Text] According to a SIFO [Swedish Institute for Public Opinion Polls] opinion poll for the month of June, the Social Democratic Party lost 2.5 percentage points and received 45.5 percent. The change is so great that it can be viewed as having a statistical nuance. At the same time, the Center Party slowly continues to increase its support and is now has 10.5 percent.

Today, the socialist bloc has 50 percent of the support--against 52 percent in the previous poll. Today, the nonsocialist bloc has 48 percent. In the previous poll, the nonsocialist bloc received 46.5 percent, according to the SVD/SIFO poll.

The long term trend, which takes into account the supporters' long term views, shows a more definite picture of the situation. Then the Social Democratic Party received 46.1 percent; the Left Party Communists 4.4 percent; the Conservative Party 17.1 percent; the Liberal Party 19.8 percent and the Center Party, along with the Christian Democratic Party, 10.7 percent.

The Social Democratic Party's setback can probably be explained by the fact that the surge of support which the party received after the murder of Olof Palme has begun to wane. Ingvar Carlsson, who received a very warm welcome, is probably also close to the end of his "honeymoon."

Conservative Trend Turns

It also seems as if the Conservative Party's negative trend has turned. In April, the party received 15.5 percent of the support. In May, the figures began to move upwards and in the June poll, the party received 17.0 percent. Most of the interviews were conducted before Ulf Adelsohn made his resignation official--which means that his resignation can hardly have affected the results.

The Center Party's increase lies within the margin of error; nevertheless, it can be verified that the curves have been pointed upwards of late.

One reason for this might be that nuclear power--one of the Center Party's main issues--is again in the center of the debate. In addition, the party has gotten a new party leader which will mean a positive response from the voters.

The Liberal Party's negative trend remains. The May public opinion poll showed 22 percent, today it measures 18.5 percent. Around the turn of the year, the support was around 24 percent. But nevertheless, these figures make the Liberal Party the largest nonsocialist party.

Even the increase of the Left Party Communists of 0.5 percent lies within the margin of error. Obviously the party has not received any positive results from its position on the nuclear power issue, which perhaps should have been expected. The Left Party Communists received 4.5 percent of the support.

The survey is based on 922 interviews conducted in the homes of the people polled during the period 28 May and 10 June. Between June 9-13, 1,144 people were interviewed by telephone. Five percent turned in a blank questionnaire, or did not indicate any party.

Soder Election Boosted Center

Stockholm DAGENS NYHETER in Swedish 23 Jun 86 p 2

[Editorial: "The Center Party Moves Forward"]

[Text] The public opinion polls results published yesterday by SIFO [Swedish Institute for Public Opinion Polls] and IMU [International Mathematical Union] differ on many points...According to the IMU survey which was conducted during the period May 12 to June 4, the Liberal Party has dropped from 19 percent to 17 percent and the Social Democratic Party has moved up from 46.0 percent to 46.5 percent. The SIFO survey, conducted during the period 28 May to 13 June, shows the opposite, or that the Social Democratic Party dropped from 48.0 percent to 45.5 percent. This drop of 2.5 percent seems to be a statistical guarantee.

As the IMU and the SIFO opinion poll results tend to differ, and most of the figures lie within the margins of error, the results must be interpreted with great care. But it can be asserted that the Liberal Party has dropped from the startling high opinion poll figures at the beginning of the year when the Liberal Party surpassed the Conservative Party. Also, that the Center Party continues its slow recovery.

That had already begun before the Chernobyl catastrophe which indicates that Karin Soder's takeover of the leadership has had a positive effect. Her secure and motherly charm is an asset for the Center Party.

The fact that the Social Democrats now receive somewhat lower figures than during the first months after Palme's murder is hardly astonishing. Emotionally rooted support manifestations tend to fade away, especially when new shock originated events occur, such as the reactor accident in Chernobyl.

It can also be expected that a number of people who have previously declared that they intend to vote for the Social Democratic Party will now prefer the Center Party in the instances where they want a quick liquidation of nuclear energy. A certain crossover from the Liberal Party will also have taken place for the same reason.

The drop of 2.5 percent shows in all instances that the Social Democratic Party does not have the voters in their pocket, which is something many were led to believe from the opinion poll figures after the Palme murder.

If the Center Party's upswing continues, we will have three equally strong nonsocialist parties which will strengthen their desire to set up their profiles. The fact that on the nonsocialist side it will be possible to show three different profiles can, however, be a strong factor as long as the work for an increased nonsocialist coordination continues quietly behind the scenes. Until the next election, it is appropriate and timely to put this nonsocialist cooperation program forth as a trump card with a surprise effect.

9583

CSO:3650/250

FRG, TURKEY CONFRONT IMMIGRATION, ECONOMIC, SOCIAL ISSUES

Berlin DER TAGESSPIEGEL in German 31 Jul 86 p 3

[Article by Rudolf Strauch: "No Time Pressure on Bonn-Ankara Negotiations: Halt to Turkish Immigration in the European Community Area To Remain in Force After Next December"]

[Text] Bonn, late July--At the present time, 130,000 foreigners are staying in the FRG, including Berlin, with the intention of applying for asylum. About 42,000 of them arrived during the first half of 1986. Of the 600,000 foreigners who have applied for asylum since 1953, only 111,000 were recognized as political refugees. But of that number only 65,000 are still living in the FRG or West Berlin in that capacity.

Despite growing difficulties in accommodating applicants for asylum, these numbers remain relatively small. Apart from those seeking and those having been granted asylum, there are 4.4 million foreigners living in the FRG; 1.4 million of them are Turks. How to set limits to their number is a problem that will soon have to be solved between Ankara, Brussels and Bonn.

According to Article 12 of the 1963 partnership agreement between Turkey and the European Community (EC) and a 1970 amendment, immigration barriers for Turks in all EC countries are to be lowered on 1 December 1986. This will, however, require a unanimous decision by the EC's association council. This council, which comprises the foreign ministers of the EC, has not met since 1980, because at that time relations with Turkey had been put on hold because of the reign of the military regime. However, a session has been scheduled for 16 September in Brussels.

In arriving at immigration procedures for Turks, the parties concerned--i.e., Ankara and the EC countries--are to be guided by the rules on freedom of movement within the EC: Any citizen of an EC country may look for work and housing in any other EC country. However, in the opinion of the FRG Government, the governing principle of laissez-faire would permit the continuation of restrictions on Turks. Inasmuch as 90 percent of all Turks currently residing in EC countries are living in the FRG, the federal government is the primary one concerned with restrictions.

For this reason the subject must be dealt with not only between Ankara and Brussels, but also be between Bonn and Ankara. However, there is no ultimatum or pressure to negotiate. If by 1 December there has been no unanimous vote by the association council, nothing will happen at all. Bonn is assured that in that case the present ban on immigration by Turks will not be replaced by permissiveness.

A rapprochement between Bonn and Ankara on the Turkish immigration question could be facilitated by related agreements drafted in Ankara in July 1985 during talks between Federal Chancellor Kohl and Prime Minister Ozal. Turkey desires to focus on economic aid for industrial modernization and on a special program of military aid.

One year ago, during preliminary talks on military aid, the Turkish Government showed an interest in the Leopard tank. At the time, the sides explored the possibility that the Bundeswehr First Armored Division in Sigmaringen would pass on its 250 Leopard I tanks to Turkey and would instead be equipped with Leopard II's. However, since the spring of 1986 Turkish plans have changed. It's highest priority is now said to be modernization of the artillery and mechanization of the infantry (with armored personnel carriers).

Because this represents an increase in the cost of the desired program, Ankara was told that military aid could not exceed the cost of that program for the 1980-83 period--DM600 million. There is, however, a possibility for increasing that sum indirectly, if NATO approves the establishment of a low-level flight test area in Turkey, as proposed by the Bundeswehr.

As for economic aid, Turkey would like to see the establishment of a revolving investment fund for low-interest loans to Turkish enterprises. For Bonn, this would constitute a lost contribution, since any profits would not be returned to Bonn but to the fund to finance additional modernization projects.

9273/8918

CSO: 3620/789

POLL REVEALS POPULAR IGNORANCE OF EUROPE

Athens ENA in Greek 11 Sep 96 pp 25-26

/Text/ This poll was conducted for ENA by the Metrix-Research Center between 19-25 April 1986. The poll queried 1,465 men and women between the ages of 15 and 64. Selection was made on a random basis in Athens, Salonica and other urban centers with a population numbering over 10,000.

The results of the poll with regard to the Greek people's perception of the EEC reveal that in the past 6 years the Greek people have somewhat learned a few basic social facts:

1. Eighty-three percent of those queried mentioned at least one country that belongs to the European economic community, outside of Greece. However, 17 out of 100 Greeks do not know even one of the other EEC countries.
2. This indifference or result of being badly informed is manifested more clearly in women 26 percent of whom seem not to know what countries make up the community.
3. Differences also appear with regard to the educational level of those questioned. Among those with a primary school education 36 percent (one in three) did not know any EEC member country. On the other hand, almost all those questioned who had acquired higher education knew at least one country.
4. Interesting is the special "knowledge" that Greeks have about certain European countries. Most often mentioned were France (70 percent), Italy (68 percent), England (67 percent), "newly-arrived" Spain (61 percent) and West Germany (60 percent). On the other hand, the most "unknown" country seems to be Ireland (15 percent).

In answer to the question "If for whatever reason you had to live for an extended period of time in some West European country, what countries would you choose" the answers given seemed hesitant:

1. Thirty-eight percent answered that they did not want to live in any other EEC country or that they had not faced the issue. Indeed, "more negative" were women in urban areas (51 percent) and primary school graduates (53 percent).
2. About one in two Greeks said that they could live in some European country. Number one was France with 16 percent. Women preferred it more than men (17 vs 15

percent). Most of the "friends" of this country come from Salonica (19 percent vs 18 percent from Athens) and have higher education (23 percent). Other preferences were Italy (12 percent), West Germany (12 percent) and Great Britain (8 percent).

3. Finally, the reasons given by those who said that they could live in some other country were varied: "I like it generally-speaking" (15 percent); "the quality of the people living there" (11 percent); "natural beauty and environment" (11 percent); "I know the language" (10 percent); "the sights" (9 percent); "better quality of life" (8 percent); and "technological development" (7 percent).

IN WHAT COUNTRY WOULD GREEKS PREFER TO LIVE

| | | ΦΥΛΟ ² | | | ΠΕΡΙΟΧΗ 5 | | | ΜΟΡΦΩΣΗ 9 | | | |
|--|----|-------------------|-------------|---------------|------------|---------------|--------------|----------------|-------------|---------------------|-----------------|
| | | ΣΥΝΟΛΟ 1 | ΑΝΔΡΕΣ 3 | ΓΥΝΑΙΚΕΣ 4 | ΑΘΗΝΑ 6 | ΘΕΣ/ΝΙΚΗ 7 | ΑΣΤΙΚΕΣ 8 | ΔΗΜΟΤΙΚΟ 10 | ΜΕΧΡΙ 11 | ΛΥΚΕΙΟ/ ΓΥΜΝ. 12 | ΑΝΩ- ΤΕΡΗ 13 |
| | | 1.465 | 716 | 749 | 771 | 176 | 518 | 511 | 241 | 456 | 257 |
| | | % | % | % | % | % | % | % | % | % | % |
| ΓΑΛΛΙΑ | 14 | 16 | 15 | 17 | 18 | 19 | 12 | 11 | 14 | 20 | 23 |
| ΙΤΑΛΙΑ | 15 | 12 | 11 | 14 | 13 | 15 | 9 | 9 | 11 | 15 | 14 |
| ΔΥΤ. ΓΕΡΜΑΝΙΑ | 16 | 12 | 15 | 8 | 11 | 14 | 12 | 12 | 12 | 12 | 12 |
| ΑΓΓΛΙΑ | 17 | 8 | 8 | 7 | 10 | 8 | 4 | 5 | 6 | 9 | 12 |
| ΙΣΠΑΝΙΑ | 18 | 5 | 5 | 5 | 6 | 8 | 3 | 3 | 7 | 6 | 5 |
| ΟΛΛΑΝΔΙΑ | 19 | 3 | 4 | 3 | 4 | 3 | 3 | 3 | 6 | 3 | 3 |
| ΒΕΛΓΙΟ | 20 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | - | 2 | 2 |
| ΔΑΝΙΑ | 21 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 3 | 3 | - |
| ΑΛΛΕΣ (ΛΟΥΞΕΜ- ΒΟΥΡΓΟ, ΠΟΡΤΟΓΑ- ΛΙΑ Κ.ΛΠ.) | 22 | | | | | | | | | | |
| ΔΕΝ ΕΧΩ ΣΚΕΦΘΕΙ | 23 | 2 | 2 | 2 | 1 | 3 | 3 | 1 | 3 | 3 | 2 |
| | | 8 | 7 | 9 | 6 | 6 | 12 | 11 | 5 | 7 | 6 |
| ΣΕ ΚΑΜΙΑ ΑΠΟ ΑΥΤΕΣ | 24 | 30 | 29 | 31 | 27 | 20 | 39 | 42 | 33 | 20 | 21 |

Key:

- | | | | |
|-----------|---|------------------|--|
| 1. Total | 7. Salonica | 13. Advanced | 20. Belgium |
| 2. Sex | 8. Urban areas | 14. France | 21. Denmark |
| 3. Men | 9. Education | 15. Italy | 22. (Other: Luxembourg, Portugal, etc.) |
| 4. Women | 10. Primary | 16. West Germany | 23. I haven't thought about it. |
| 5. Region | 11. Up to 3rd year second- ary school | 17. England | 24. None of them. |
| 6. Athens | 12. Senior/Junior High School | 18. Spain | |
| | | 19. Netherlands | |

DO YOU KNOW WHAT COUNTRIES ARE MEMBERS OF THE EEC?

| | | ΦΥΛΟ 2 | | | ΠΕΡΙΟΧΗ 5 | | | ΜΟΡΦΩΣΗ 9 | | | |
|---|----|-------------|-------------|---------------|------------|---------------|---------------|------------------|-------------|---------------------|----------------|
| | | ΣΥΝΟΛΟ 1 | ΑΝΔΡΕΣ 3 | ΓΥΝΑΙΚΕΣ 4 | ΑΘΗΝΑ 6 | ΘΕΣ/ΝΙΚΗ 7 | ΑΣΤΙ-ΚΕΣ 8 | ΔΗΜΟ-ΟΤΙΚΟ 10 | ΜΕΧΡΙ 11 | ΛΥΚΕΙΟ/ ΓΥΜΝ. 12 | ΑΝΩ-ΤΕΡΗ 13 |
| | | 1.465 | 716 | 749 | 771 | 176 | 518 | 511 | 241 | 456 | 257 |
| | | % | % | % | % | % | % | % | % | % | % |
| ΓΑΛΛΙΑ | 14 | 70 | 82 | 59 | 78 | 67 | 59 | 45 | 75 | 82 | 93 |
| ΙΤΑΛΙΑ | 15 | 68 | 79 | 59 | 73 | 68 | 62 | 48 | 75 | 76 | 89 |
| ΑΓΓΛΙΑ | 16 | 67 | 79 | 55 | 75 | 64 | 56 | 47 | 68 | 77 | 88 |
| ΙΣΠΑΝΙΑ | 17 | 61 | 71 | 52 | 68 | 66 | 50 | 38 | 64 | 73 | 85 |
| ΔΥΤ. ΓΕΡΜΑΝΙΑ | 18 | 60 | 72 | 49 | 65 | 66 | 51 | 41 | 66 | 66 | 83 |
| ΠΟΡΤΟΓΑΛΙΑ | 19 | 43 | 56 | 30 | 49 | 47 | 32 | 20 | 39 | 54 | 72 |
| ΒΕΛΓΙΟ | 20 | 39 | 52 | 27 | 44 | 44 | 31 | 19 | 39 | 49 | 63 |
| ΟΛΛΑΝΔΙΑ | 21 | 38 | 51 | 26 | 45 | 40 | 29 | 18 | 34 | 47 | 68 |
| ΔΑΝΙΑ | 22 | 30 | 42 | 19 | 33 | 33 | 24 | 12 | 28 | 38 | 54 |
| ΛΟΥΞΕΜΒΟΥΡΓΟ | 23 | 27 | 39 | 16 | 30 | 31 | 22 | 8 | 23 | 36 | 54 |
| ΙΡΛΑΝΔΙΑ | 24 | 15 | 22 | 7 | 18 | 17 | 9 | 3 | 11 | 19 | 33 |
| ΔΕΝ ΓΝΩΡΙΖΕΙ ΠΟΙΕΣ ΧΩΡΕΣ ΕΙΝΑΙ ΜΕΛΗ | 25 | 17 | 8 | 26 | 10 | 19 | 26 | 36 | 9 | 8 | 2 |

Key:

- | | | | |
|-----------|-------------------------------------|------------------|--|
| 1. Total | 7. Salonica | 13. Advanced | 22. Denmark |
| 2. Sex | 8. Urban areas | 14. France | 23. Luxembourg |
| 3. Men | 9. Education | 15. Italy | 24. Ireland |
| 4. Women | 10. Primary | 16. England | 25. Does not know what countries are members |
| 5. Region | 11. Up to 3rd year secondary school | 17. Spain | |
| 6. Athens | 12. Senior/Junior High School | 18. West Germany | |
| | | 19. Portugal | |
| | | 20. Belgium | |
| | | 21. Netherlands | |

5671

CSO: 3521/9

ECONOMY RAPIDLY LOSING MOMENTUM ACCORDING TO STUDY

Helsinki UUSI SUOMI in Finnish 23 Jul 86 p 20

[Article: "Economic Reports, July 1986. Competing Countries Pass in Mass. Finland Fell to England's Level"]

[Text] Finland's economy has taken a turn in a sad direction, compared with the nine most important competing western countries. In the economic reports made by UUSI SUOMI in July, Finland has fallen, measured on the average grade, to share the last position with England.

The decline is mainly due to an end to the growth of the gross national product. Finland's growth rate of half a percent was clearly the weakest, i.e. the grade in the report was an unfortunate 4.

At this rate, the title of "Scandinavia's Japan", initiated by the NEW YORK TIMES, will soon change owners. In all figures, Sweden has passed Finland and risen to be the third on the list, measured on the average grade.

Norway continues to be slightly above Sweden, but it is rapidly losing momentum with the oil price decline.

On the average, the real Japan is still clearly the leader. Its economy is in stable and good condition, both in the management of employment, price development, balance of trade and growth of national product.

Only One Weak One

On the enclosed list, Norway leads the pack in the growth of gross national product, but not in reality. Norway's figure in the report is that of last year's development while those of the others, except for Austria, are of the first quarter of this year. When the corresponding figure is received from Norway, the "oil millionaires" of the North will drop several positions.

In the arena of growth, Sweden shares the second position and, during the first quarter, likely shares the first position with an excellent grade.

Finland's weakness is indicated by the fact that the distance to the second to the last, West Germany, is considerable.

Deflation in West Germany

A deflation figure has the lead in the table of consumer prices. West Germany receives a ten with its -0.2 percent "inflation."

To the Germans the deflation has not signified any great blessing. As much as nine percent of the work force is unemployed. The growth of gross national product is the second weakest. However, the balance of trade has remained on the positive side, as is normal in the Federal Republic.

Two Satisfactory Grades

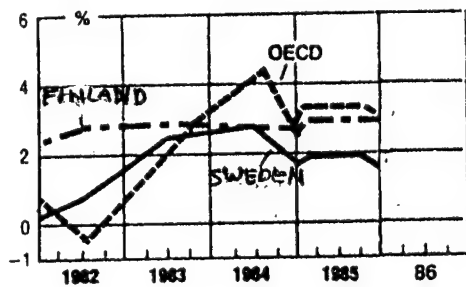
Finland receives its only satisfactory grades in unemployment and balance of trade. Our 6.5 percent unemployment rate is average at this time of mass unemployment.

In the economic reports, unemployment seems to be the most static area of those measured. England and France defend their last positions with their unemployment rates of over 10 percent.

Finland also received a satisfactory grade in its balance of trade which is almost exactly in balance.

The economic reports of UUSI SUOMI are made in cooperation with the statistical office.

GROWTH



Growth of gross national product

| | | US report |
|-----------|-----|-----------|
| Norway | 3.8 | 10 |
| Japan | 3.2 | 9 |
| Sweden | 3.2 | 9 |
| Austria | 2.9 | 8+ |
| France | 2.8 | 8+ |
| England | 2.5 | 8- |
| USA | 1.9 | 6.5 |
| W Germany | 1.6 | 6 |
| Finland | 0.5 | 4 |

EXTERNAL BALANCE

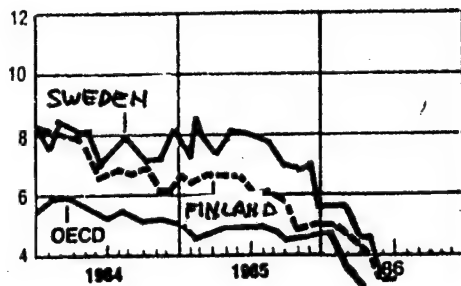


Surplus/deficit of balance of trade in relation to gross national product.

Exports f.o.b., imports c.i.f.

| | | US report |
|-----------|------|-----------|
| Norway | +5.8 | 10 |
| W Germany | +4.4 | 9+ |
| Japan | +3.7 | 9 |
| Sweden | +2.7 | 8+ |
| Finland | +0.1 | 7 |
| France | -1.1 | 6+ |
| England | -1.8 | 6 |
| USA | -4.0 | 5- |
| Austria | -5.5 | 4 |

CONSUMER PRICES

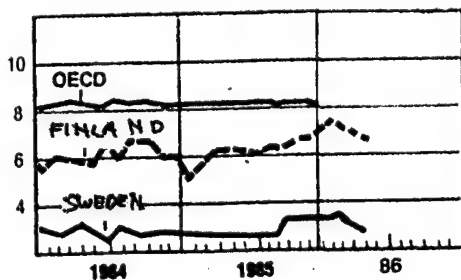


12-month change %

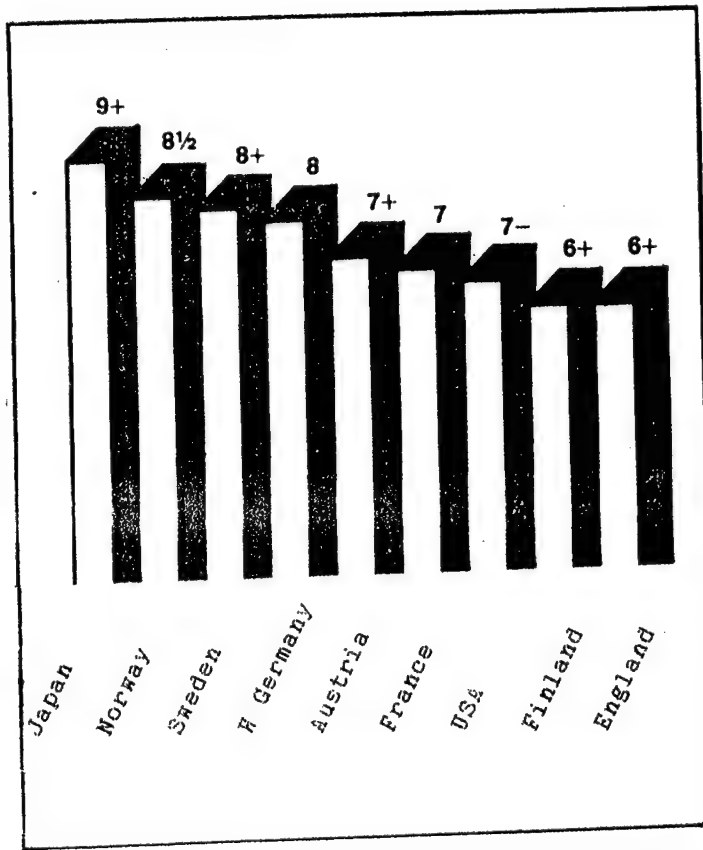
| | | US report |
|-----------|------|-----------|
| W Germany | -0.2 | 10 |
| Japan | 0.5 | 9+ |
| Austria | 1.4 | 8.5 |
| USA | 1.6 | 8+ |
| France | 2.3 | 7.5 |
| England | 2.8 | 7 |
| Finland | 3.3 | 6.5 |
| Sweden | 3.4 | 6.5 |
| Norway | 5.8 | 4 |

12-month change in %

UNEMPLOYMENT RATE



| | | US report |
|-----------|------|-----------|
| Norway | 1.9 | 10 |
| Japan | 2.7 | 9.5 |
| Sweden | 2.8 | 9.5 |
| Austria | 5.3 | 8+ |
| Finland | 6.5 | 7.5 |
| USA | 7.0 | 7+ |
| W Germany | 9.0 | 6+ |
| France | 10.0 | 6- |
| England | 13.3 | 4 |



Only Finland and England had poor average grades

12956
CSO: 3617/151

ADVANTAGES DERIVING FROM USSR'S GATT MEMBERSHIP

Athens TO VIMA in Greek 14 Sep 86 p 25

/Article by Dion. Stamboglis/

/Text/ Greece describes the Soviet Union's proposal to join GATT as particularly of interest. This comes at a time when a new round of talks of the GATT member countries is scheduled for 16 September in Uruguay. Greece feels this way because, besides all the other factors affecting Greece's foreign policy, the USSR comes in eighth place as its customer since, according to (Soviet) statistics the amount of trade between the two countries reached the sum of approximately 725 million rubles (one ruble equals about 200 drachmas) last year.

The USSR's entry into GATT means that administrative restrictions now being enforced in that country on the import of products will be abolished, something signifying the entry of Greek goods (just as the goods of other countries) on the Soviet market will be greatly facilitated. (It should be noted that an increase of Greek exports by 10 percent means a decrease in our recourse to foreign borrowing by 25 percent).

The fact that the USSR calls for joining GATT gradually and that Greece has no objections to this was confirmed by the UN Economic Committee on Europe symposium held in Salonica on 8-11 September to discuss "business opportunities and trade prospects between East and West."

Besides the fact that this USSR proposal was insistently repeated by the Soviets who took part in the symposium, attended by 400 participants from 30 countries, contacts were made between representatives of chambers of commerce and industry of both sides during which the Greek delegation assured Mr Plediov, deputy chairman of the Soviet Union of Chambers of Commerce and Industry, that it had no objection to the USSR's joining GATT.

Within this context, the Soviet side made clear that from now on the country's state firms would acquire greater autonomy and could decide for themselves on what their activities would be with regard to foreign trade. The Soviets also promised the Greek side that the competent services of the USSR will shortly prepare a list of Greek businessmen who have expressed interest in exporting to the USSR. The businessmen (and this was emphasized by both sides) will be solvent.

The Soviets note that the abolishment of administrative restrictions does not mean a simplification of quality control procedures on goods.

The USSR's "opening" to foreign trade will not result in spectacular results for Greek exports. The increase in our exports depends on the extent of activity by the Greek private sector and, unfortunately, the chambers of commerce and industry are functioning in a primitive and imperfect manner in this direction.

On an average and long-term basis, however, the increase of Greek exports to the USSR also has to go through Washington because the United States refuses to accept the USSR in GATT, as was stated by an American who took part in the symposium's sessions.

"Evil tongues" maintain that the United States is now "rendering to Caesar the things that are Caesar's," leaving it to be understood that since the USSR has not been in GATT for so many years it must wait a few more....

In reality, of course, the United States' refusal lies in the fact that the USSR's entry into the international organization will change the correlation of forces and will negatively influence efforts being undertaken by this country to renovate its technology that will lead to the disposition of better quality products, as was stressed by a member of the Soviet delegation who took part in the symposium. This position was supported by most countries (including Greece) that took part in the symposium. Greece imports a whole line of products from the USSR including machinery.

Nevertheless, these difficulties are not considered insurmountable. Both the USSR and Greece believe that great margins exist for an increase in trade between them. It is characteristic that at the meeting between representatives of the chambers of commerce and industry in Salonica, the Soviets stressed "we came here for business," while a representative of the Greek Ministry of National Economy stated "we now feel more comfortable with the Soviets."

5671

CSO: 3521/9

REASONS FOR PRODUCTIVITY DECREASE DETAILED

Athens I KATHIMERINI in Greek 26 Sep 86 p 7

/Text/ Productivity in the Greek economy during the years of PASOK government suffered a significant drop compared to other OECD countries. While productivity increased at a rate higher than all other OECD countries during the 1970-1975 period, it showed a slower rate, with one exception, during the 1980-1985 period.

This revealing observation came from Mr Th. Papalexopoulos, president of SEV /Association of Greek Industrialists/, in a speech delivered to the international congress "on productivity and competitiveness" at the American College of Athens. The congress sessions were opened by Deputy Minister of Industry V. Papandreou. Mr G. Papanikolaou, the prime minister's economic adviser, brought greetings and a message from the prime minister and stressed that the subject under discussion was the most important issue and goal of the government.

Mr Papalexopoulos emphasized that an enterprise does not operate in a vacuum. For that reason while many times it improves its productivity and cuts costs it suffers losses because of outside factors as, for example, foreign exchange imbalances, quality of management and, most importantly, activity of the public sector. Specifically with regard to the latter factor, the SEV president noted that financial needs acquire artificially high priorities, economic measures are judged on the basis of their producing revenues while their unfavorable effects in the competitiveness of our products are neglected.

In his opening speech, Mr K. Politis, president of the Greek-American Chamber of Commerce, said that it is not fortuitous that remuneration for labor in Greece is half that of other EEC countries, just as our productivity remains steadily at half that of other EEC countries. Dr Dahl, member of the world federation of scientists for productivity, noted that productivity gauging and output is directly linked to the output of the human labor force, the amount of risk taken, the balance of payments and investments. As Deputy Minister of Industry V. Papandreou also said, improvements on all levels are needed for the development of the Greek economy.

Many Greek and foreign officials involved in policy, economy, academic and cultural affairs, as well as high-ranking officers of banks, companies, etc. attended the congress. The sessions end today with an official luncheon given by Mr S. Panagopoulos, director of the National Bank.

5671

CSO: 3521/9

FINANCE MINISTER ON OBJECTIVES, PROBLEMS FOR 1987 BUDGET

Reykjavik MORGUNBLADID in Icelandic 17 Jul 86 pp 24-25

[Op Ed Article by A.B.: "Finance Minister Thorsteinn Palsson in an Interview with MORGUNBLADID: 'Next Fiscal Budget Will Be At a Deficit'"]

[Text] Objective to Keep Deficit Lower Than This Year

The estimates about the state of the National Treasury submitted for this year indicate about a 2.1 billion kronur deficit. It has been decided to approve the budget for next year with a deficit. The objective is to keep it lower than it is this year. MORGUNBLADID reporter spoke with Finance Minister Thorsteinn Palsson, chairman of the Independence Party, this week about establishing the budget and the policy of the Independence Party in state financial affairs.

"It is estimated that the budget will be submitted and approved with a deficit. We feel that it is not sensible to try to totally eradicate the deficit; however, our objective is to decrease the deficit rather than increase it. It is our opinion, however, that procurement of credit in the domestic market is a crucial precondition for seeing this policy work. We have succeeded in doing that during this year, despite the predictions of disaster by the government opposition to the opposite," said Thorsteinn Palsson about the first budget draft and the basic points that are considered in formulating the finance bill.

The finance minister said that no figures will be revealed until the budget is submitted to the Althing this fall.

"Not Possible to Reduce Government Spending Enough to Obtain Balance Next Year"

[Question] Now you are actually aiming for a deficit in the National Treasury when writing this budget--does that mean that you thereby have given up the announced cut in government spending?

[Answer] We do not think that it is possible nor sensible to reduce government spending so much that balance will be obtained next year. On the other hand, the reduction of next year's deficit from what it was the previous year, contains a great cut in expenditures approved by the Althing--extensive

cuts. It has, however, not been added up accurately, but quite extensive cuts have been made in almost every budget which this government has sponsored, and that will continue in the next fiscal budget.

Last year's deficit was about 2.4 billion kronur. Despite great reductions in taxes and other public fees, the deficit will be less this year, and the objective is that it will be even less next year. These facts show considerable results in the effort to keep public expenditures down. Despite a 1.6 billion kronur decrease in revenue in connection with the wage agreements, the deficit will be lower than last year.

[Question] You say that the deficit will be financed with loans from the domestic market. Has it ever been discussed that such borrowing should not come from domestic borrowing at trading banks but from issuing bonds?

[Answer] Both methods are used. This year it was the first time that special agreements were made with the banks. Also, we sell savings certificates which is a part of this domestic borrowing.

[Question] That is a much smaller portion, isn't it?

[Answer] Yes, if you are talking in terms of net flow of capital into the National Treasury this year, then it is a smaller portion because of repayment of older loans. But overall, the sale of the savings certificates is more than twice as big a factor. It is only slightly over 2 billion kronur worth of savings certificates which we plan to sell and about 1.7 billion kronur worth which we plan to redeem. We are therefore increasing our borrowing by almost 400 million kronur domestically by selling savings certificates, and then we will borrow about 850 million kronur from the banks. Also, we have received 650 million kronur from the pension funds because of the wage agreements.

"Obviously Afraid to Take Capital From Businesses~

[Question] This borrowing from the trading banks, doesn't it result in your restraining the industrial life in the country?

[Answer] Obviously we are afraid to take too much capital away from the businesses. The banks will have what corresponds to this amount less to lend to industry, but the other alternative is to take this money away from the industries by taxation. We viewed that as a worse alternative; in fact, that it would not be possible to execute that this year when we are considerably reducing taxation on industry and the households in order to facilitate agreements about increasing purchasing power. For example, we abolished an income tax in the fishing industry and other industries and it would have been totally out of the blue to levy new taxes on these industries in order to carry these increased expenses. This was therefore a better alternative when looking at the whole picture.

The main message of the blitzkrieg policy pursued by the Independence Party in 1979 was cuts. Has the Independence Party abandoned this policy; has it, in fact, ever been used as a guiding light from the time that the management of state finances got into the hands of the Independence Party in 1983?

"The Main Message Was Not Cutbacks"

[Answer] The main message at that time was not cutbacks. The question contains the wrong assertion. The main focus of the blitz policy, as it was called at that time, was stability in currency affairs and revision of the index system. Reduction in state expenditures was a necessary support measure in order to reach the set objectives. These three things have been the mainstay and the pattern of all actions undertaken by this government. The expenditures have definitely been cut back considerably compared with previous decisions made by the Althing, so that expenditures and revenue are considerably lower than previously decided by the Althing.

[Question] Now you are announcing, in a fairly regulated manner, restraint in state financial matters and that the ministries must cut back their expenses so and so much. When looking at the measure afterwards, it seems that no savings occurred. Does that mean that it proves unsuccessful to control individual ministers as needed, and is it possible to transfer this to the expense ministers, i.e. that they actually prevent cutbacks in state expenditure?

[Answer] I don't want to phrase it like that, but I know, just to take an example, that MORGUNBLADID is not sorry and it does not come as a surprise that expenses for educational affairs are higher by 260 million kronur this year than the budget estimate because of a supplementary appropriation for the Student Loan Fund. To this extent it is clear that the savings estimated in the budget regarding the Student Loan Fund did not materialize except partially.

Most people who talk about state expenditures, press for increased expenditures when the talk evolves around certain projects or fields. But when state expenditures are discussed in general, everybody wants savings. The writings of MORGUNBLADID sometimes reflect this. This is not vacillation as many people maintain. It is simply human that those who carry no responsibility concerning decisions handle matters differently than those who do carry responsibility. That is the explanation of the government opposition's prolixity about current state financial affairs.

Other expense ministries, such as the Ministry of Health and Social Security, have a very automatic expense system, and if increased restraint is to be implemented in that area, then I think a major surgical operation would be needed, such as in the wage affair system, especially where the salaries are the highest. People do not save by only looking at the wages of the Sokn [Women Hospital Workers' Union] women in the hospitals.

"There Will Never Be Restraint or Savings Unless the Respective Ministry Takes the Initiative in Such Restraint"

[Question] Now you have yourself been announcing that each ministry should have increased independence and increased responsibility in financial affairs, so that each ministry would be run by its own budget--isn't that just a confirmation of the opinion that the ministers are individually fighting for the public purse instead of jointly rallying together about the distribution of the funds and budget preparation?

[Answer] From my standpoint, it is clear that there will never be savings and restraint in these systems unless the respective ministry takes the initiative in such restraint. It is totally out of the blue to imagine that savings can take place any other way. That is why we have been laying the groundwork for writing more of a framework budget in which the ministries carry greater responsibilities of their financial management, but that requires, of course, a lot of work. Strong financial control must be built up in each ministry, and it will be necessary to get the ministries to carry responsibilities and to show desire to utilize the funds better. But at the same time it must be kept in mind that the great results that have been achieved in keeping the expenses down during this government's term in office, has been totally based on cooperation. I do not view it as the role of the finance minister to quell energy and desire for progress among his fellow ministers. Then all that would be needed would be someone to count the pennies or a computer.

[Question] Your party colleague and fellow member of parliament, Eyjolfur Konrad Jonsson, has said that the financial problems of people in the country should be solved by lowering taxes, even if that would mean issuing general bonds. What is the finance minister's opinion on this?

[Answer] This government has gone very far in lowering taxes. I think that all in all the tax reductions of this government amount to 3.2 billion kronur, that is to say, considerably more than the budget deficit. It can only be said that the government has gone out on a limb to lower taxes, both direct and indirect taxes, primarily with the intention of participating in improving the life conditions of the public. Temporary sacrifices concerning firm conviction about a treasury without deficit were in my opinion necessary in order for the government to be able to successfully promote national unity with the parties in the labor market.

"It Is Not Possible to Endlessly Cut Revenue Without Cutting Expenditures"

[Question] Does the government plan to go further in this matter?

[Answer] Of course, it is not possible to endlessly cut revenue without cutting expenditures. There are certain limits. The way matters now stand, it is not possible to lower taxes any further unless there is more decrease in expenditures. There is a precondition for further tax cuts, as I do not think that borrowing will be extended much further in the domestic market.

[Question] You said in an interview with MORGUNBLADID this spring that there were plans afoot to introduce a new tax system. What will be the main changes compared with the current tax system?

[Answer] The plan is to replace the sales tax with value added tax, as has frequently been discussed. The main reasons why these changes have not been implemented are that the most sensitive public consumer goods have, according to the submitted proposals, taken on value added tax and therefore gone up in price considerably. Now these proposals have been reworked and we expect to use considerable funds to subsidize all the value added assessment on these most sensitive public consumer goods, so they will not be affected by it.

[Question] Is that easier to implement than to simply skip the value added tax on these goods?

[Answer] Yes, it is simpler. It is a recognized view that exemptions from tax collection weaken the collection system very much, and experience all around us shows that the greater number of exemptions, the greater number of weak links in the implementation of the collection. This is one of the main conclusions in the tax fraud report which was submitted to the Althing this spring, that is to reduce the number of exemptions. That is exactly what will happen with the value added tax. This exemption system which has been built up in the sales tax system will then be part of history. That strengthens the tax collection and reduces tax fraud.

"Direct and Indirect Taxes Have Been Lowered More Than Planned"

[Answer] A new customs tariff of simplification and reduction of custom dues will come into being in connection with this change. Finally, there will be changes in the income tax legislation, but at this time, I am unable to say exactly what these changes involve.

[Question] Is it possible that the Independence Party's old election promise of abolishing income tax, which has only been fulfilled partially, will be implemented?

[Answer] I cannot say anything about that at this stage, but it is clear, however, that the government has gone further in lowering taxes, direct and indirect, than it had planned. Although these tax reductions have been distributed over more areas than intended, taxes have been lowered more measured in kronur and aurar than the government originally planned.

[Question] But the fact remains, that this election promise of the Independence Party has only been fulfilled partially.

[Answer] But the fact remains that taxes have been lowered more measured in kronur and aurar than planned and that is what is of importance for the wage earners. The focal point in that is, of course, the decisions that were made this winter in connection with new wage agreements when it was decided to lower the import dues on cars, various electric appliances and vegetables.

At the conclusion of the interviews, the finance minister said that work on the next fiscal budget is now in full swing and most work will probably be done on it during the month of August with regard to important political decisions. He said that he would not disclose any definite figures regarding the next fiscal budget until the finance bill is submitted "during the first days of parliament this fall."

9583

CSO:3626/42

PAPER DISCUSSES PROBLEM OF PERSISTING TRADE DEFICIT

Reykjavik MORGUNBLADID in Icelandic 18 Jul 86 p 24

[Editorial: "Foreign Trade"]

[Text] Government actions during the past months and wage compromise which the government and parties of the labor market negotiated, have led to considerable decrease of the inflation. The inflation, which was 130 percent 3 years ago and still increasing at that time, is now well on its way down to the price development level which is common among in our neighboring countries. At the same time, it has been successful to maintain full employment. Extensive unemployment is almost a national plague in many countries in the world, especially in our neighboring countries in West Europe. Fortunately, it has, however, been successful to keep unemployment away from the Icelandic national economy. Nonetheless, we have various economic problems of a serious nature to contend with. At the top of the list is trade deficit, foreign debt and government spending beyond revenue.

Deficit in our balance of trade and balance of services with the world amounted to 4.816 billion kronur in 1985 which corresponds to 4.3 percent of the national production. The trade balance was also negative by 5.1 percent in 1984. Considerable balance of trade deficit is expected this year. Our great balance of trade deficit with the world year after year must be carefully looked at.

Iceland is more dependent on foreign trade than other nations. Iceland exports a high proportion of the national production and imports a considerable portion of the nation's necessities. Terms of trade therefore affect the general conditions in the country enormously, as well as characterizing our balance of trade with the rest of the world. The most realistic way to promote both favorable balance of trade which is the objective of all nations, and improved standard of living is to increase the national production, especially the export production. But at the same time, it will be necessary to strengthen marketing strategies and sales technique and strengthen our competitiveness in the most profitable production markets. The eyes of the nation are gradually opening up to the importance of this final phase of all production, the selling itself, or what you get for the merchandise. To this extent, trade holds a more important position in the

creation of national income and standard of living than people in general realized until recently.

Last year, almost 40 percent of our exports went to EC countries; slightly over 14 percent to EFTA countries, or about 54 percent to Europe. Imports from this same area amounted to slightly over 70 percent of the total imports. West Europe is therefore our most important market area by far. Our balance of trade with this area is, however, unfavorable. Our most favorable trading area with respect to balance of trade is the United States. They buy 27 percent of our exports but less than 7 percent of our imports is from there. The East European countries buy 7.8 percent of our exports and sell us 8.8 percent of our imports. Other countries buy 11.6 percent of our exports and sell us 12.9 percent of our imports. All the above figures are from 1985 and are taken from the Foreign Minister's Report to the Althing in 1986.

It is certainly a cause for concern that in various countries there is growing pressure to implement increasing restrictions and restraints on imports. When looking closely at interests and general welfare, very few nations are as dependent as Iceland on an overall respect of the GATT agreement in business and trade between nations; that is to have our products reach their traditional market destinations without unsurmountable walls of tariffs. Least of all can we set the walls of tariffs examples that might promote the development in international trade that would have the worst possible consequences for our own overall interests.

Continued growth in free trade on the basis of the general GATT agreement on tariffs and trade is first and last an Icelandic interest matter. Under the protection of such development which hopefully will take place, we will be able to strengthen the competitiveness of our products on foreign markets. Under its protection, we will be able to recoup the trade deficit with the world which along with foreign debt is our greatest economic problem at the moment.

In short, we must revitalize our export production; our productivity and economic growth; cultivate our selling and marketing approaches to a much higher degree and lower the mountain of foreign debt. We will not be able to walk in prosperity to improved living conditions without paying far more attention to foreign trade--and then primarily to strengthen marketing positions, that is the selling possibilities of Icelandic production and service abroad.

9583

CSO:3626/42

STATISTICS ON HOUSING FACILITIES, OWNERSHIP PROVIDED

Lisbon EXPRESSO in Portuguese 30 Aug 86 p 15

[Article by J.N.R.]

[Text] The clearest X-ray picture of the housing situation in our country is provided by the results of the last 10-year census taken by the National Statistics Institute (INE). This synthesis of the main data amassed through the 1981 census--figures which, technicians affiliated with the sector say, have not changed significantly in the last 5 years--shows how the people of Portugal live.

Only 13 percent of the existing structures were built with reinforced concrete structure. There are still 100,000 buildings constructed of wood, 50 percent of them built before 1920.

More than half of the buildings are less than 20 years old, while more than a quarter of the housing premises date back to the period before 1920.

Although they represent only 1 percent of the housing units in the country, there are still 45,000 of the shed type, rickety wooden structures, mobile or improvised homes, in which 125,000 citizens live. About 50 percent of these units are concentrated in Lisbon, 9 percent are in Oporto and 6 percent are in Setubal.

There are still 880,000 Portuguese citizens living in houses without electricity, representing 9 percent of the housing units. There are 2 million living in housing without plumbing facilities, representing 18 percent of the housing units in the country, while 4 million people live in homes without indoor bathing facilities.

There are still 1,400,000 citizens who have to go to a public fountain or faucet for water, and almost 2.5 million do not have running water in their homes. They occupy 22 percent of the country's housing units.

A half of the people in Portugal own their own homes. These homes constitute 47 percent of the country's housing units, of which 30 percent are owned by retired persons (above all, the elderly).

While 90 percent of the farm owners have their own homes, the social distribution of housing occupied by the owners in other strata is as follows: 45 percent of the members of the armed forces, 40 percent of the employers, 38 percent of the higher cadres and those in the liberal professions, 24 percent of the workers, 18 percent of the middle- and lower-level cadres, and 17 percent of the administrative and service workers.

5157

CS0:3542/156

SDP DEFENSE SPOKESMAN BUDTZ ON NUCLEAR POLICY

Copenhagen AKTUELT in Danish 19 Jul 86 pp 13-14

[Op Ed by Lasse Budtz: "Nuclear-Free In Peacetime, Crises and War"]

[Text] Defensive defense has become an important concept in the defense debate. But do not forget that here in Denmark it is not possible to create majority for any kind of foreign or security policy without the Social Democratic Party.

If one sticks to what Defense Minister Hans Engell writes in his numerous articles and feature articles in support of nuclear weapons--as well as to what other rightist oriented people express in writing and speech--then everything concerning the military will remain as is. Nothing may be changed. That is safest. Furthermore, it does make any difference what we do.

Just in case and according to the defense minister's article in AKTUELT on July 3, it is maintained that the policy of the Social Democratic Party is different. Engell is amazed over several statements Anker Joregensen expressed recently about the party's stand on nuclear weapons. But, he writes in the article, he has been reassured by Anker Jorgensen and Svend Auken that this is a confirmation of the Social Democratic Party's policy.

And then the foreign minister adds: "Namely, to work for continued nuclear-free Danish territory."

Neither in the agenda for May 3 nor in our work program does the formulation sound like that. The fact is that this may be misunderstood. In the agenda for May 3, which was formulated by us, it reads: "Folketinget calls upon the governments in NATO and other international organs to work toward keeping Denmark nuclear-free in peacetime, crises and war by promoting the plans to make the Nordic area a nuclear-free weapons zone in a wider European context.

In our work program it is stated that the Social Democratic party will work for keeping Denmark nuclear-free in peacetime, times of crises and in wartime. Period. It is very important to include these specifications. In other words, the task of the Social Democratic Party is to work for never having nuclear weapons in Denmark--and that is what Anker Jorgensen so correctly expressed.

We can discuss how this will be done. But we feel that it is best done by establishing a nuclear-free weapons zone which is Nordic, not just Danish. In order to obtain this Nordic zone, unity must be created between the Nordic countries, at least four of them, and we put emphasis on this broadness, as the chance of in one way or another including the Baltic Sea and surrounding areas in the nuclear-free zone will, of course, be much greater if there are four or five countries that rally together than if Denmark acts alone.

We are currently conducting various preparation analysis work on Nordic basis, and we hope that further work on the zone can begin in the coming months. But this is due to efforts by the Social Democratic Party, not efforts by the government. The government is, however, obligated to work toward making the Nordic region and Denmark a nuclear weapons free zone. And what has it actually done to fulfill this obligation since May 3, 1984? Actually nothing. Because the group Engell, Ellemann-Jensen and Schluter do in reality want to work against the nuclear weapon free idea, and should one be in doubt, one can read Engell's article in AKTUELT once again.

We have read the Dyvig-report, which Engell refers to, with great respect but we have neither found anything newsworthy nor the truth in it, probably because in this case there are several of the authors who do not want any changes.

Engell states in his article that if Denmark also declares itself nuclear weapons free in times of crises and war--as we feel it should be in connection with the establishing of the zone--this will be in direct conflict with NATO's strategy. Yes, of course. NATO's strategy presumes that it will also be possible to defend Denmark with nuclear weapons. This is not what we mean, Denmark shall be able to. We also feel that it would be militarily and strategically insane--and the minister writes himself that no one will believe that a nuclear war will leave a victor.

Does he, for example, believe in a limited nuclear war? There might be some indications of that, as he is so absolutely prepared to accept nuclear weapons in connection with the defense of Denmark as well, and he feels that the presupposition for accepting reinforcements is that we accept that these reinforcements may include nuclear weapons. If we do not want to accept the "general strategy of the Alliance," this will mean "Danish disconnection," and the "consequences of such a disconnection will quite likely be that Denmark will not be able to invoke the collective security guarantee of NATO."

Why Denmark should not be able to do that is in fact not easy to say. After all, Denmark does not want to withdraw from NATO. Anyway, that will not happen with the support of the Social Democratic Party. Not before a joint East-West security agreement can be created, and unfortunately, that is not in sight.

Denmark continues to keep the important strategic place which Engell always calls attention to, although many experts feel that the significance is somewhat overrated. But for the sake of security policy reasons let us not undermine it. Denmark continues to want the reinforcement agreement retained--it is definitely not the intention of the Social Democratic Party to

suggest to have them dissolved, as they are the basis for our membership in NATO. We are members in order to get help from the outside. Denmark will never be able to defend itself alone. This is what we call attention to in the present draft for a defensive defense which is now being sent out for debate.

But let us now take a look at the reinforcement agreements. It can be said that they are in three parts: 1. Help from air forces in other countries in the form of up to seven squadrons. 2. A British infantry brigade of approximately 13,000 men with light equipment. 3. U.S. forces of approximately 40,000 men and several British and Dutch naval infantry forces plus a Canadian force. With regard to item 3, it should be mentioned, however, that all these soldiers are not earmarked for Denmark alone but for the Nordic region as such. Where they will be deployed will depend on the situation--the Canadians are an exception, as they will most likely be sent to North Norway which they know from numerous exercises.

The forces covered in item 1 and 3 can theoretically bring nuclear weapons--but according to the regulations and the agreements, a Danish government can announce in advance that it does not want nuclear weapons brought into the country. Will any Danish government accept nuclear weapons? I can not imagine that any social democratic government would, and also for that reason is it quite natural for us to work toward it already now so that a problem will definitely not arise--not in wartime either.

But: Let us add: On paper and in theory. No one can, of course, know what will happen in a war which might automatically develop into a third world war. No one can therefore with any definite guarantee suggest that because we implement the plan about the Nordic region as a nuclear free weapons zone that we will be nuclear weapons free in time of war also.

But as the danger of the use of nuclear weapons from or against Danish territory does not increase if we declare the zone, we might as well have it. We know that we do not have and do not want to have nuclear weapons in peacetime. If we presuppose that in the end we cannot control the development in a war--our experience tells us that, and our reliance on the superpowers can take up very little room in this respect--the so-called times of crises become very crucial. The establishing of a zone does therefore give us a good foundation for refusing to accept nuclear weapons at the critical stages of the crisis period, and perhaps we can thereby participate in de-escalating the crisis.

De-escalating the permanent crises and trying to provide support to better climate between the East and the West is perhaps the main argument for establishing the zone. Also, if four or five governments of sovereign states confirm the wishes of their population about no nuclear weapons (bound by treaty) in wartime as well, I am certain that the United States will be prepared to negotiate--despite the NATO membership of several of the participating countries. In any case, it would be almost a crime not to try.

But let us not wait for any help from Engell, Ellemann-Jensen and others. They will continue to tell us that Denmark is in danger of being thrown out of NATO because we do not want to accept nuclear weapons. But how would that actually benefit NATO? And doesn't NATO and these rightist oriented politicians respect the individual right of the sovereign member states to want to decide themselves? Are we not allowed to put a question mark after some of the ideas and plans which NATO, the United States and the generals present? Yes, of course.

It is when one hears these rigid input from these politicians that one thinks with horror about a western security system under the control of a group of conservative politicians such as Reagan, Thatcher, Kohl, Girac and Schluter. We do not have anything against the countries or the inhabitants--it is the people in power and especially their policies. And it therefore does not serve any purpose to hide the dissatisfaction with a great part of the foreign policy these government heads pursue. Among others, their unreserved support of the nuclear weapons strategy.

Much can be changed, also on the national plan, if Reagan and Gorbachev enter into a great and comprehensive disarmament agreement. And we should in any case not give up hope.

In the meantime, there is perhaps reason to call attention to the fact that a majority for any kind of foreign or security policy cannot be formed without the Social Democratic Party. All parties should see something positive in that.

9583
CSO:3613/182

PAPER: SDP 'DEFENSIVE DEFENSE' PROPOSALS MISREPRESENTED

Copenhagen INFORMATION in Danish 4 Aug 86 p 10

[Editorial by JD: : "Defensive Defense"]

[Text] The Social Democratic Party's plan to "modernizing the defense" may give rise to surprise. Also, the outraged denunciation expressed by several media, politicians and officers against the party's plans, as well as the party's handling of the issue.

If judgement is to be passed based on the reaction alone, the Social Democratic Party has proposed a total break with the defense policy which the party has presented along with the nonsocialist parties for decades.

JYLLANDS-POSTEN calls the proposal an "offense against the whole nation." Defense Minister Hans Engell foresees that the crises in defense will be greater; negotiations for a new defense compromise will be more difficult and the allies will react with harsh criticism.

The plan itself, however, does not forebode any rupture. On the contrary. The Social Democratic Party professes unequivocally to favor continued membership in NATO. Transfer of reinforcements "is a necessity." The cooperation with the compromise parties shall "be continued," as that provides a contact organ which is "rational and appropriate."

Could the reason for the hullabaloo be that the party does not want to increase the current economic frame for the military? That will be hard to decide, as the nonsocialist parties have not indicated how many billions extra they want to use. But after all, they are realistic parties so they know full well that for economic and political reasons no government can afford the great increase in defense appropriations which is necessary if previous goals are to be met, and at the same time we will have to keep pace with the price development for military equipment.

The Social Democratic Party recognizes the "prevailing economic conditions" and therefore proposes a solution with "purposeful and future oriented changes." The official document does not make it strikingly clear what lies concretely behind these words. But the main idea is that the country's resources shall be concentrated in certain areas. Several weapons systems and

defense plans will be abandoned so the remaining elements will be more effective. In view of cooperation with NATO, our allies will then have greater faith in us completing the assignments we take on. The party also proposes a rationalization--a nice, nonsocialist way of thinking--which justifies savings everywhere else in society and the agitated minds do not have anything against in principle.

Does the anger then arise because the Social Democratic Party wants to rationalize substantial portions of the defense? The disagreement in this area lies between the concept "advanced defense" and the Social Democratic Party's "coastal" defense. The critics' most effective objection is summed up in a comment by Hans Engell: the Social Democratic Party wants defense which will be "fought on our own territory with risk to the population as opposed to advanced defense--away from Danish territory."

But do the critics themselves believe in this objection? Hardly. It is an attractive idea that the defense defeats invasion forces while they are far out and above the Baltic. Then the police chief in Koge will be able to arrest the remaining pitiful lot. Despite the idea's appeal, it is an illusion. If the Warsaw Pact wants to attack Denmark, the civilian population will be affected, to put it mildly. Advanced defense is at most something that can keep the war away from Danish back yards for some hours.

Nonetheless, the illusion remains unchallenged during the greatest part of the debates. The Social Democratic Party carry great blame. They have been far too defensive. The party wants a "non-threatening defense structure" which "away from and in own sovereign territory" will "impose such risk of loss to such an attacker that the attack will be abandoned." Perhaps this is an excellent scare doctrine for Denmark's defense, but it is a catastrophe for the position of the Social Democratic Party in the debate when it is allowed to fight away from and within what should be its own sovereign territory: the party and its proposal.

The Social Democrats have not pointed out how characterized by illusions this existing defense policy is. It is, of course, difficult when one is responsible for it, and it may seem objectionable to several of the party's members and potential voters if the defense is harshly criticized. But the result of the defensive line opted for in the debate is that the alternative in Denmark's defense today seems markedly fragile, because it has not been stated how precarious the status quo is. That could be solved with an offensive.

When presenting the proposal, Anker Jorgensen said that many comments had already been made about it--also "by people who have definitely not read it." Even thorough reading of the submitted proposal will not change the character of the debate. Critics on the right can throw away their ~allegiance with NATO and reinforcements. They might be considered too insincere. On the left, the Socialist People's Party can, if it so pleases, use the ~allegiance as proof to show that the Social Democratic Party is unshakeable in its marriage with the nonsocialists, or they can call them necessary signals to the rest of the world in a period where reevaluations rich in perspectives

take place internally in the party which might possibly become its government partner.

Knud Damgaard's committee has prepared a much more extensive statement which is also more concrete. INFORMATION has published parts of the product. It contains strong analyses and convincing arguments. If the Social Democratic Party does not want to take the offensive against the existing defense shortage, it can at least support the defense from its own sovereign territory with the solid strongholds which the party's own experts have constructed.

Collective announcement would give the debate a better foundation than the collection of rhetoric which is now being issued. It is fine and dandy that the Social Democratic Party wants to find the "most rational and effective" solutions which will be "coordinated" on the basis of "our positive position," so that "increased flexibility" will be obtained when we "follow the development"--otherwise we "end up with defense that is obsolete." But what does that really mean?

9583

CSO:3613/186

CIVIL DEFENSE ORGANIZATION MODERNIZING TELECOMMUNICATIONS

Copenhagen AKTUELT in Danish 22 Jul 86 p 14

[Article by floj: "Civil Defense Order to ITT Company"]

[Text] An order for 14 local exchanges for the Civil Defense has been sent to the ITT owned Standard Telefon and Kabelfabrik in Oslo. The 12 million kroner order is the first of a series. The Civil Defense is in the process of modernizing its telecommunications system, so that in the future it will be possible to put through conversations and data communications on an independent radio network. The total cost of the modernization will be 130 million kroner.

"It is the policy of the Civil Defense to buy Danish products whenever possible, but no Danish company could deliver the exchanges," says Division Chief Klaus Vogt-Andersen of the Ritzaus Bureau of the Civil Defense.

"On the other hand, Danish businesses will be strong when it comes to the radio equipment which will be the largest part of the expenses for the modernization program--in that area, the Danish products are among the most advanced on the international level," added Klaus Vogt-Andersen.

9583

CSO:36130182.c

MILITARY

DENMARK

BRIEFS

WIRE-GUIDED TORPEDOES FROM SWEDEN--The Danish Navy has order high-tech torpedoes from the FFV Torpedo Works in Motala for approximately 100 million kroner. The torpedoes which are developed in Motala are modern long-distance torpedoes with a wire-guide and a homing device. "This is the largest order in the history of the torpedo works. We must now hire ten civil engineers and technical college engineers for the development side and the same number of specialists for the workshop. [Text] [Stockholm DAGENS NYHETER in Swedish 20 Jun 86 p 10] 9583

CSO: 3650/250

ARMED FORCES STAFF CHIEF WARNS OF CRUISE MISSILE DANGERS

Helsinki HELSINGIN SANOMAT in Finnish 27 Jul 86 p 7

[Text] Klenberg Compared Chernobyl to Bomb: Similar Fallout in Finland from a Nuclear Missile. In similar weather conditions, the explosion of a cruise missile's nuclear warhead at the distance of Chernobyl could produce the same type of radioactive remote fallout in Finland as in the nuclear power plant accident, speculated Vice Admiral Jan Klenberg, Chief of Staff of the Armed Forces.

According to Klenberg, however, the damage caused by a nuclear warhead in the blast area and its surroundings would be in quite a different category. "In the situation of a nuclear explosion, the surroundings are annihilated and tens of thousands of people die," said Klenberg while speaking in Kymenlaakso's national defense festivities in Hamina on Saturday.

Klenberg said that the nuclear power plant accident at Chernobyl has also had some degree of interest in the area of security policy.

"The superpowers currently have a total of 50,000 nuclear explosives. An increase would not bring about any advantage in power politics or increase in prestige," said Klenberg.

According to Klenberg, Finland opposes nuclear weapons and arms race. Only in the area of emergency management does the responsibility for the people under all circumstances force us to take into consideration the effects of a nuclear war.

"Instead of the black-and-white thinking of deep peace and total war, the future clearly requires that the armed forces be more versatile and flexible," said Klenberg.

In the defense festivities, Klenberg also took a stand on the issue of women's role in national defense jobs. According to him, half of the population has been ruled out of the national defense preparations.

"I don't think that anybody doubts the patriotism of the Finnish woman or her capability to perform demanding tasks. But why can't we establish voluntary training for women for unarmed defense jobs?" asked Klenberg.

12956

CS0: 3617/151.pa

BRUNDTLAND PLEDGES COUNTRY WILL MEET NATO RESPONSIBILITY

Oslo AFTENPOSTEN in Norwegian 5 Sep 86 p 7

[Text] "Despite the fact that the drop in oil prices has created a serious imbalance in the Norwegian economy, Norway will continue to meet its defense commitments within NATO." This statement was made by Prime Minister Gro Harlem Brundtland in a speech to the NATO military committee at the Akershus Castle last night.

The NATO military committee is made up of the defense chiefs of the member countries. The committee meets three times a year, and now it was Norway's turn to be the host.

Prime Minister Gro Harlem Brundtland described NATO as a cornerstone in the Norwegian security policy and said that Norway's security is largely dependent on the solidarity within the alliance. "At the same time it is clear that the security in Central Europe depends on Norway. We fully appreciate that this is a mutual dependence," the prime minister said.

Reliable

"We will make our reliable contribution and cooperate with all member countries in order to reach our common goal: to preserve and improve peace," Harlem Brundtland stated.

The prime minister said that it was impossible for NATO's various member countries to agree on everything. "We would deceive ourselves if we tried to ignore the differences between us.

But let us remember that the differences in opinion are a natural part of the collective strength of a free people," the prime minister maintained.

Security

Otherwise, Harlem Brundtland said in her speech that the nuclear age has confronted the world with problems which are unparalleled in history. "I doubt whether there has ever been a basis for making a clear distinction between the political and the military aspects when it comes to international

security. Today, in any case, any attempt to draw such a distinction would certainly be misleading," the prime minister emphasized.

Prime Minister Gro Harlem Brundtland said that peace and security are dependent not only on disarmament negotiations. "Peace among nations depends on truly mutual trust, and trust is built on contacts, be they cultural or economic.

Only if we encourage contacts between East and West will we be able to reduce the tension along the dividing line in Europe," the prime minister said.

Gro Harlem Brundtland said that a former British Admiral of the Fleet, Lord Chatfield, was wrong when he claimed that admirals do not need advice. "We politicians certainly need advice from you, and I can assure you that you will be getting advice from us. We depend on each other, and must do our best to maintain good, open communication channels among ourselves," said Prime Minister Gro Harlem Brundtland.

12831

CSO: 3639/156

NATO CHIEF PRAISES ARMY'S INFANTRY TACTICS IN DEMONSTRATION

Oslo AFTENPOSTEN in Norwegian 4 Sep 86 p 4

[Article by Liv Hegna: "NATO Chief Impressed by Norwegian Infantry Tactics"]

[Text] Setermoen. "I am very impressed," said the Chairman of the NATO military committee, the American Defense Chief Admiral William Crowe, after a battalion from the brigade in Northern Norway had performed a demonstration of an attack with live ammunition for the NATO committee on Wednesday. It is the first time in 20 years that such a demonstration in Norwegian infantry tactics was carried out here in this country.

The Defense Chief, General Fredrik Bull-Hansen told AFTENPOSTEN that it is healthy for soldiers to push themselves to achieve top performance.

The Norwegian soldiers in the first battalion in Brig N were also extremely motivated to give their best. Particularly impressing were their efforts in that phase of the attack which is called fighting down the enemy inside its positions.

Great emphasis was placed on making the exercise as realistic as possible. Medics were called in to evacuate the wounded back to the lines, while the troops cleared the trenches with hand grenades. Planes demonstrated close support, the artillery did target shooting to hold the enemy down while infantry soldiers advanced. The demonstration at Kobbryggen in the mountains facing Setermoen included most of the tactical elements in which the Norwegian soldiers are trained.

Since the Norwegian F16-pilots are not thoroughly trained in close support functions, it was decided this time to approach the United States for assistance: Four A6 (Intruder) and four A7 (Corsair II) carried out very high-precision target bombing. The planes belong to the aircraft carrier USS "Nimitz" which was anchored off Stadt on Wednesday. The planes were refuelled in mid-air on their way to the demonstration.

Colonel Sverre Overland, the brigade chief for Northern Norway, says that the planning before the exercise which was named Operation Big Mink, has been going on since February. It includes 1,500 soldiers. 500 grenades from the artillery were used. Each grenade costs 2,500 kroner, but Overland emphasizes

that no additional funds were appropriated for this demonstration. The funds were transferred from budget items which are supposed to cover regular brigade exercises. It was the 1st battalion which had the mink as a mascot, supported by artillery from the field artillery battalion, and the Troms Civil Defense which participated in the demonstration which was carried out for the NATO military committee on Wednesday.

12831

CSO: 3639/156

CONSERVATIVE PAPER: DEFENSE MINISTER TAKES KOLA TOO LIGHTLY

Oslo AFTENPOSTEN in Norwegian 5 Sep 86 p 2

[Editorial: "Completely Obstinate"]

[Text] We have no problem understanding that a new defense minister can feel the need for asserting his professional authority. But it does make a difference how this is done. Strictly speaking it appears more than odd when Johan Jorgen Holst repeats his theories about the military strategy situation in the North in an unbelievably arrogant contribution in yesterday's paper.

The matter started with the recent disclosures about new Soviet bases on Kola, and the defense minister again jeers at those who believe that the Soviet Union's enormous military superiority in our own close vicinity represents an increasing threat against Norway. One must not "exaggerate" the significance of the Soviet arms build-up, we are being told. In this case one could be blamed for a lack of realism and responsibility. As far as we understand it, Mr. Holst refers in particular to AFTENPOSTEN. The defense minister is obviously the only one who can interpret correctly the "threat in the North"--to the extent one can talk about such a threat.

In a very brash tone Mr. Holst believes he can establish that AFTENPOSTEN is not even able to understand the main points of what goes on in the Northern areas. In any case, not the way he himself described the situation in an article on this page on Monday. The defense minister claimed that one would be "very obstinate" to describe his article as downplaying the situation. He obviously does not realize that there are in fact many "obstinate people" who take the liberty of having an opinion on the Norwegian defense and security policy.

We stand by our characterization of the defense minister. Not because he places the arms build-up on Kola in a larger framework of security policy, framework which is important to keep in mind when formulating the Norwegian security policy. This is so obvious that just about anybody understands it. What we blame the defense minister for is the fact that he unfortunately downplayed the increasing threat which the continued build-up of forces on Kola represents for our own country.

We ourselves have never suggested drastic countermeasures from the Norwegian side. On the other hand, we found reason to emphasize that we must put our house in order and do what we can to strengthen the impression of a reliable national defense. The defense minister's verbal attack against AFTENPOSTEN is a bad contribution in that respect. And how much he tries to play down the degree of the percentage increase in the defense budget one can of course not overlook the fact that the appropriations for Defense are an expression of the people's desire to safeguard our freedom and independence. This is true in particular in a situation where all defense branches suffer from great deficiencies and where our relative defensive ability is weakened as a consequence of the build-up of Soviet forces. Everybody knows that to a considerable extent this is also a matter of weapons and equipment which is primarily intended for operations far from the Soviet Union's own borders.

Signals from the defense minister's own circle to reduce the increase in the defense budget confirm that the military threat against Norway is not taken as seriously as it should be. The defense question is being put to the test again.

12831

CSO: 3639/156

MARITIME, ATLANTIC ORIENTATION URGED FOR DEFENSE PURPOSES

Lisbon DIARIO DE NOTICIAS in Portuguese 2 Sep 86 p 7

[Article by Virgilio de Carvalho]

[Excerpt] Portugal's Periphery and the Sea

Portugal, a peripheral, peninsular and insular European nation, should watch the development of the East-West "peaceful war" carefully, because the importance of its geostrategic space to the security of the West is tending to make the country ever less a matter of indifference to both allies and adversaries, and it makes it urgently necessary to reduce the vulnerable points in the areas of geopolitical thinking, continental and interterritorial cohesion and military defense. Portugal needs to embrace its Euro-Atlantic and almost archipelagic status without further delay or ambiguity. In other words, it needs to consolidate its maritime or Atlantic orientation, as we have been proposing with insistence for years in these and other columns, as opposed to the less healthy interpretations of the corporativists, Iberianists, internationalists and even the Americanists. Our maritime orientation is a subject for the present and the future, with a view not only to strengthening the identity, the individuality and the negotiating power of Portugal, so that it can meet the healthy challenges of the EEC, NATO and the regional organizations, but also to making good use of its special geographic factors and the lessons of its notable history. I propose the use of the coastal areas, the ports and estuaries and maritime transportation and fishing as the focal points for economic development and freedom of action, the economic, military and psychological "occupation" of our territorial seas, and archipelagic or interterritorial cohesion as a great national strategy. Our orientation toward the sea, or the Atlantic, is something which, because of its vital importance to a country which is discontinuous and the target of greed, as Portugal is, should have long since been incorporated in our constitution as a permanent and vital national objective. Very encouraging indications of a better understanding of the subject under discussion, which have developed in the meantime and are most laudable, could however prove somewhat late in coming, if they are not matched by immediate, enlightened and calm action.

Future Maritime Orientation in Portugal

Two areas provide examples of the possible goals of the maritime or Atlantic orientation to be pursued: Alentejo and military defense.

The main communications centers and routes in Alentejo, unlike the rest of the country, lie in the interior and near the land frontier, and the coastal area is a "desert." And this recalls the fact that Alentejo was directly and diagonally crossed by the Portuguese conquerors, from the coast of Estremadura to the mouth of the Guadiana, in the "interior," to guarantee control of the Algarve before Castela could "join it" to Galicia to surround Portugal and deny it the maritime access necessary for its geopolitical and economic individuality. But the port of Sines and the Alentejo ores, which must be shipped from there, and never through Huelva, and the university, which can be seen from the sea, may be the means of giving Alentejo a coastal aspect, developing it and identifying it more fully with the rest of the continent.

Maritime orientation as a permanent national goal would involve a more Atlantic focus for the military defense strategy. Thus in addition to rejecting both facilities and the unnecessary globalization of the defense of the peninsula and the interference of Spain in Iberia, which would transfer the negotiating power from Lisbon to Madrid, it would be necessary to safeguard sovereignty in the islands and the geostrategic space defined by the national territorial complex, through a credible autonomous military presence there, in the name of collective Atlantic security. The existing and planned air and naval resources are already moving in the right direction. And now, because this "peaceful war" is tending to be waged more in the peripheral Eurasian areas, it would be well to safeguard sovereignty in the islands effectively, similar to what was done during the 1939-1945 war, in order to remove any justification for the undesirable proposals of others to the effect that, as was done then, they should be defended with nonnational resources. In particular, this could be done through the special forces brigade, whose capacity for future action in the islands would benefit from "prepositioning" small support and staffing units, with substantial resources and local recruiting. It further seems that the possible organization of a small intervention force with land personnel from the three branches, consistent with the modern interforce doctrines of some of our allies, might prove of interest from the point of view of the country's military prestige, sovereignty and negotiating capacity.

5157

CSO:3542/156

POLL SHOWS LESS SUPPORT FOR NUCLEAR ENERGY AFTER CHERNOBYL

Helsinki SUOMEN KUVALEHTI in Finnish 25 Jul 86 p 11

[Text] Chernobyl One More Time. In the end, it may have been unnecessary to criticize the cabinet regarding the way it informed the people about the nuclear power plant accident at Chernobyl. According to the poll made by Gallup in Finland, cabinet press conferences would not have been useful: the people do not trust politicians in nuclear energy issues.

According to the poll, in case of a new nuclear power plant accident, 70 percent of the people would trust some authorities more than some others. As many as 93 percent of these people, who trust one group, consider radiation specialists the most reliable. Politicians do not make the list of those to be trusted at all.

The poll also reflects the strong distrust in nuclear energy technology and in the ways in which the different authorities handle nuclear energy issues. Politicians and the nuclear energy industry are the least reliable, followed by the authorities controlling nuclear energy and the mass media. In issues concerning nuclear energy, those who trust some form of media more than others consider electronic media more reliable than the printed word. Thus, the citizens do not join the various cabinet ministers in criticizing the Finnish Broadcasting Company about the way it informed the people on Chernobyl.

Gallup also asked the citizens about their attitude toward nuclear energy in general. The poll indicates that the attitudes toward nuclear energy six weeks after the accident were almost as negative as they were one week after the accident. Also, the attitudes were just as strong as they were in the first poll conducted by Gallup in May for SUOMEN KUVALEHTI. The majority of the people of Finland continue to oppose nuclear energy, or have a negative attitude toward it.

Confidence in Managing Nuclear Energy Issues

"How much confidence do you have in the ways that the nuclear energy industry, authorities, politicians and mass media manage or handle the issue of nuclear energy. Do you feel great, considerable or little confidence?"

| Confidence in | great % | consi- derable % | little % | cannot say % |
|---|------------|------------------------|-------------|-----------------|
| _____ | _____ | _____ | _____ | _____ |
| nuclear energy industry's way of dealing with the nuclear power plant issue | 10 | 47 | 43 | 1 |
| authorities controlling nuclear energy | 9 | 53 | 35 | 3 |
| politicians' way of handling the nuclear energy issue | 3 | 17 | 73 | 7 |
| mass media's way of handling the nuclear energy issue | 10 | 67 | 22 | 1 |

Attitude Toward Nuclear Energy

Opinions before the Chernobyl accident and after it.

| Attitude | before accident % | one week after accident % | six weeks after accident % |
|------------|-------------------------|---------------------------------|----------------------------------|
| _____ | _____ | _____ | _____ |
| positive | 27 | 16 | 22 |
| uncertain | 32 | 28 | 26 |
| negative | 36 | 54 | 52 |
| cannot say | 5 | 2 | 1 |

The data are based on two polls conducted by Gallup in Finland, one of which was conducted on 4 May 1986 and the latter on 5-7 June 1986. The number of people interviewed in the first poll was 331 and in the latter 105. The results of the first poll have been published in SUOMEN KUVALEHTI, issue 19/86.

12956
CSO: 3617/151

POST-CHERNOBYL OPPOSITION TO NUCLEAR POWER LESS THAN FIRST SEEN

Helsinki HELSINGIN SANOMAT in Finnish 4 Sep 86 p 2

[Editorial: "Time to Start a New Discussion"]

[Text] According to opinion polls, the Chernobyl accident does not seem to be having as far-reaching effects on Finns' reaction to nuclear power as at first appeared to be the case. Now that the initial shock is over, only one out of three's attitude toward nuclear power is completely or quite negative. Another one out of three still views nuclear power favorably and the remaining one out of three are in doubt about it.

Right now most people take a negative view of the construction of new power plants. A clear majority, however, base themselves on the point of view that the power plants now in operation should be exploited until they are exhausted. About 15 percent would like to close down the existing power plants at the first opportunity.

Very confusing in view of this background is the [poll] result that two-thirds of all Finns would, however, be willing to tolerate additional costs of 700 markkas a year in their economies in order to abandon nuclear power. Since abandonment is not viewed as being outright opportune, the majority no doubt felt that they were responding to a very theoretical question. The old truism that responses in opinion polls depend largely on how the question is put is once again valid.

How many people are ready to start with the premise that energy consumption must not increase? How many are ready to sacrifice pay raises over the next few years to achieve this? If an increase in energy consumption is recognized as a reality, what will we replace nuclear power plants with in the future? Will we choose coal, peat, the harnessing of our remaining waterfalls, natural gas...? What will the ecological price of these alternatives be?

Here among us too, officials and political parties have more and more learned to listen to public opinion, which has found greater expression since the Chernobyl accident. Just short of being endorsed, the decision to build a fifth nuclear power plant was rejected, as was only right.

In a democracy public opinion is only of real value when it can be shaped on the basis of different kinds of basic information and alternatives. For that, in turn, a many-sided national discussion is needed.

Now that the report on the Chernobyl accident has been presented and we are beginning to get an overall picture of the different effects of the accident, it is time for us too to again set in motion a discussion of nuclear power and the alternatives to it in our future energy policy.

11,466

CSO: 3617/170

ENERGY

SWEDEN

RIISING ELECTRICITY COSTS EXPECTED TO HURT COMPETITIVENESS

Stockholm SVENSKA DAGBLADET in Swedish 15 Jun 86 p 10

[Article by TT: "Electricity Costs Rise Fastest in Sweden"]

[Text] The cost of electricity will rise faster in Sweden than abroad. In that, the industry will lose the advantage it had above foreign competitors.

Krister Wickman, chairman of the board of the National Pension Insurance Fund stated this to international investors in Stockholm on Friday.

Today, the Swedish industry pays 19 ore per kilowatt hour for the electricity it uses. Only the Norwegian industry has lower electricity costs.

In West Germany, the industry pays 38 ore per kilowatt hour; in the United States 41 ore and in Japan 76 ore.

"The low cost of electricity to the industry cannot be maintained in Sweden. It is based on installed hydro-electric power and on the relatively cheap nuclear power which will be abolished," said Krister Wickman.

"How quickly and how high the electricity costs will rise for industry is hard to say. But the trend is clear and it will especially affect the competitiveness of energy intensive companies.

9583

CSO:3650/250

END